

Manchester City Council Report for Resolution

Report to: Executive – 20 January 2021

Subject: Manchester Aquatics Centre Investment

Report of: Strategic Director of Neighbourhoods

Summary

The Manchester Aquatic Centre (MAC) is now over 20 years old and as such has been experiencing a number of building, mechanical and electrical end of life failures over recent years. In 2016 Manchester City Council commissioned a stock condition survey to review the maintenance liabilities over the next 20 years. The findings identified works to replace elements of the services installations and FF&E fit out within the building which were approaching 'end of life' or 'life expired' and therefore would require investment to maintain this asset for the remaining term of the lease (20 years). In 2019, investment was approved to progress works to RIBA Stage 2 only, to provide more certainty on the build condition and the essential and priority works required for the MAC to have a sustainable future. This report sets out the request to proceed with the full refurbishment to return the MAC to a compliant venue for all current uses and to modern standards.

Progressing this scheme will ensure that modern disability access standards are met, water treatment is future proofed as well as delivering digital improvements and reducing carbon emissions. The opportunity to address replacement of end of life items with carbon reduction technologies has been embraced, with recommendations to provide more carbon efficient solutions such as, ground source and air source heat pumps, LED lights and solar PVs on the roof.

Recommendations

The Executive is recommended to:

1. To consider and note the options presented in the report and approve proceeding with Option 1 (Full Refurbishment).
 2. To recommend that the Council approve an increase the capital budget by £0.7m in 2020/21, £8.5m in 2021/22 and £21.2m in 2022/23, funded by £29.2m borrowing, and a capital budget virement of £1.3m funded by capital receipts via the Asset Management Programme Budget.
-

Wards Affected All Wards

Our Manchester Strategy Spine	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Sport and Leisure is a key economic driver within the city not only as an employer, but also in attracting inward investment to underpin a wide range of key sectors in the city.
A highly skilled city: world class and home grown talent sustaining the city's economic success	The MAC provides significant opportunities for training, development, apprenticeship programmes and volunteering. This contributes meaningfully to employment within the Manchester economy.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The MAC provides significant opportunities for all communities within the city to engage actively and energetically.
A liveable and low carbon city: a destination of choice to live, visit, work	The refurbishment is seeking to make a strong commitment to environmental sustainability through investment to modernise the asset and implement carbon reductions measures.
A connected city: world class infrastructure and connectivity to drive growth	The refurbishment seeks to deliver an improved high-quality asset that will continue to support our growth ambitions over the next 20 years.

Full details are in the body of the report, along with any implications for

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

The revenue implications during the construction phase have been estimated at £1.177m.

Financial Consequences – Capital

A capital budget increase of £0.7m in 2020/21, £8.5m in 2021/22 and £21.2m in 2022/23 is requested, funded by £29.2m borrowing, and a capital budget virement of £1.3m funded by capital receipts via the Asset Management Programme Budget.

Contact Officers:

Name: Fiona Worrall
Position: Strategic Director of Neighbourhoods
Telephone: 0161 234 3826
Email: f.worrall@manchester.gov.uk

Name: Neil Fairlamb
Position: Head of Parks, Leisure, Events and Youth
Telephone: 0161 219 2539
Email: n.fairlamb@manchester.gov.uk

Background documents (available for public inspection)

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

- Capital Strategy and Budget 2018/19 to 2023/24, Executive – 13 February 2019 and Council – 8 March 2019.

1.0 Introduction

- 1.1 Following detailed feasibility works and site investigations and surveys over the last 12 months, this report provides an update on the capital works required at the Manchester Aquatics Centre (MAC).
- 1.2 The report sets out the possible options for the MAC following the completion of a RIBA Stage 2 report, this report highlighted the budget estimates required to a) maintain the facility; b) ensure that it remains functional and able to house major sporting events; and, c) deliver carbon reduction measures.

2.0 Background

- 2.1 The MAC is located on Oxford Road, built in 1999 in partnership with Manchester University, Manchester Metropolitan University and Sport England as part of hosting the Manchester 2002 Commonwealth Games. Both parties continue to be strategic stakeholders in the site and operate student programmes under a joint venture agreement. The venue is operated on behalf of the Council by Greenwich Leisure Limited (GLL), who are responsible for delivering the business plan.
- 2.2 The MAC has a national and international reputation for hosting major swimming and water polo events for the City of Manchester such as: Commonwealth Games, Duel in the Pool 2009 and a variety of British Championships annually. The MAC is also the home of GB Water Polo High Performance Centre, GB Para Swimming High Performance Centre who won a total of 47 medals at the Rio Olympics with 16 golds. The centre is heavily used by Manchester residents, and is one of the busiest swimming facilities in the country, used by circa 528,000 visitors per annum.
- 2.3 The pool provision supply at the MAC is critical to meet the city-wide demand for swimming services, including free swimming and school swimming. The water provision at the MAC in metres² makes up over 30% of all swimming provision in the City. In practical terms, the facility meets the demands of the equivalent of six community swimming pools. The MAC is known to be one of the busiest 50m pools in the country due to its flexible programme and one of very few facilities of this nature which has buoyant ongoing business plan.
- 2.4 In 1999, and as part of the funding obligations with the Sport England Lottery Fund, the Council agreed to underwrite the full operating costs of the facility and the maintenance costs for the term of the lease (40 years).
- 2.5 As part of the initial funding to build the MAC, the Universities contributed £3.2m of capital funding and committed to pay an annual revenue fee (which is subject to inflation) for ongoing prioritised programmed use of the site. This results in an ongoing revenue payment from the Universities to the Council for a license to occupy key time slots.
- 2.6 The Business Plan for the MAC has been a success and has outperformed the original expectations in 1999 and also most other public swimming pools

across the UK. The site generates an operating surplus, with both Universities and British Swimming contributing positively to the costs of operating the site. The success of the operating model ensures other venues are cross subsidised across the Council's leisure estate, this in turn ensures that leisure provision remains affordable for all residents.

- 2.7 With regards to the maintenance of the venue, there is a division of responsibilities agreed within the contract for Repairs and Maintenance (R&M) between the Council and GLL, where GLL are responsible for the day-to-day R&M and the Council is responsible for end-of-life replacement, or repairs to the structure and fabric of the building.
- 2.8 The facility has been experiencing a number of building, mechanical and electrical (M&E) failures over the past few years, however a report on these issues was placed on hold whilst officers explored all available options. Some essential works were undertaken to ensure the continuity of the facility and delivery of services, but these have been limited.
- 2.9 In March 2019, the Council approved £933k from the AMP budget to appoint a main contractor to progress works to RIBA Stage 2 only. This was to enable the Council to understand the costs of progressing high priority and upgrade works to maintain existing services, and to obtain more certainty on the condition of the building, and the scope of work required to upgrade it. The RIBA Stage 2 work is now complete, and the findings are summarised in Section 4.

3.0 Strategic Fit and Economic, Social & Environmental Impact

- 3.1 The MAC is recognised to be one of the most extensively used pools in the country. The core programmes that run from the centre are:

1. Education/ School Swimming
2. Swimming Lessons
3. Tom Daley Diving Academy
4. Community Active Aqua Programmes
5. GB Para Swimming Training Programmes
6. GB Water Polo training programmes and competitions
7. Swim England National and Regional Performance Centre

In addition, there are a number of partners and clubs that the centre accommodates, including:

- City of Manchester Aquatics Swim Team
- City of Manchester Water Polo Club
- MAC Dive Club
- MMU & UoM Staff and Student programme
- England Water Polo Club

- 3.2 The MAC core facilities are: Aquatics (Leisure Pool, Swimming, Water Polo and Diving); and the Fitness and Health Suite. There are over 100 hours activity per week from the 3 gyms the centre has to offer engaging 4,146 pre-

paid members and 10,399 pay and play members. The centre also offers 48 hours of classes, with an average of 2,350 users a month (2019/20 membership).

- 3.3 The centre offers a comprehensive events programme, with the 50-metre pool playing a fundamental role in securing national and international events (with only two others across the North West). In 2019 calendar year, the MAC events programme attracted 18,600 competitors and spectators. Events included:
- British Water Polo Championship
 - British Youth Water Polo Nationals
 - Swim England Synchronised Swimming Championships
 - Manchester International Swimming Competition
 - National Para-Swimming Championships
 - International Training camps
- 3.4 The venue contributes to swimming development agenda at all levels from beginners to elite athletes with a wide-ranging programme of activity for all ages which are affordable for residents through the Manchester Active membership scheme. The targeted programmes include, over 50's activities, Dementia friendly services, Women's only and GP referral activity. The MAC is the flagship swimming facility in the North West region and provides for a wide variety of community needs. The MAC is also the only public swimming pool in the city centre providing community leisure services for the growing number of City Centre residents and families, and has citywide reach engaging residents from all 32 wards.
- 3.5 The MAC's comprehensive programme of activity generates significant social value benefits to the City. Combining the value of the health and wellbeing, reduction in anti-social behaviour and volunteering benefits, social value impact is estimated to total £636k value per annum as a result of the operation of the MAC.
- 3.6 The MAC makes a significant contribution to the local economy. The venue has an annual turnover of circa £2.67m and has an annual footfall of circa 528,000 users. Events hosted have a significant profile with a national/international reach and have an economic value to Manchester in excess of £1m per annum. In addition, the annual profile of spectators and participants at events, estimates expenditure of a further £1.2m in the local visitor economy (2019 data).
- 3.7 Manchester is looked upon as an international city of sport with the aspiration for further growth and international events in this area. The replacement of the items set out in this report would help sustain this approach especially against an ever improving national/international sporting assets base within competitor cities.
- 3.8 The Council has recently secured the World Paralympic Swimming Championships in 2023 which presents a great opportunity to showcase the

MAC and City on a Global Stage. Whilst a refurbished venue is not a requirement for the event, the Council will need to be confident that the event can take place without disruption as a result of building and system failures.

- 3.9 The strategic partnership with Manchester universities promotes a joined-up approach for the 73,000-student population. The site provides employment of 55.8 full time equivalent posts, including operational staff and partners and organisations. In addition, there is a total of some 66 volunteer positions across these organisations contributing to delivery of community programmes on site. The direct employment and onsite tenants are estimated to total £3.9m gross value added to Manchester's economy per annum.
- 3.10 The MAC's annual social and economic impact combining the value of direct employment, events, supply chain, the health and wellbeing of residents, reduction in anti-social behaviour and volunteering, suggests the MAC's total **Economic impact is £4.35 million and Social Value impact is almost £0.64 million** additional value per annum.
- 3.11 At present, there are no low or zero carbon technologies operating in the MAC. The refurbishment proposals will likely achieve a forecast carbon savings of **749,937kg per annum**, which represents a 40% reduction in energy use and CO2 emissions over the existing building. These savings will benefit the MAC and support city wide objectives for the Council to achieve carbon neutrality by 2026.

4.0 RIBA Stage 2 Findings

- 4.1 The key findings from the RIBA Stage 2 works are summarised below, the items which need to be addressed immediately include:
- Replacement of moveable floors.
 - Replacement of submersible booms to divide the pools.
 - Replacement spa facility.
 - Refurbished lifts.
 - Replacement pool treatment plant.
 - Replacement pool lighting.
 - Upgrade of heating and electrical.
- 4.2 There are three primary reasons for the life expiry of these items:
- volume of use over the last 20 years (c. 10m+ visits);
 - climate within the pool hall causing corrosion; and
 - some items were new innovative technologies at the time and therefore the life expectancy was not known.

It should be noted that there is no evidence that items have become life expired as a result of poor maintenance by the operators of the centre or the Council.

- 4.3 To address the issues officers have examined two options in respect of costs and scope of works. The detail on these options are summarised in the

Options Appraisal in section 5.

5.0 Options Appraisal

5.1 A number of options have been considered to inform the most financial advantageous option to the Council. The financial and operational consequences of each option is set out below:

- Option 1 - to proceed with the full refurbishment scheme, plus carbon programme.
- Option 2 – delay the refurbishment and undertake essential works only to address immediate and anticipated future failings over the next period.
- Option 3 - to do nothing and continue to operate with no capital investment.

5.2 Option 1: Full Refurbishment

5.2.1 The cost of progressing with the full refurbishment is estimated at £31.39m to deliver all identified essential works, refurbishment works, and carbon technology upgrades recommended in the RIBA Stage 2 Report. Some of these items are required in order to meet funding obligations, and service the high performance/ elite athlete programmes delivered at the centre. The full refurbishment will also ensure the MAC can continue to be able to attract and host major events.

5.2.2 There are also more practical reasons for the refurbishment works, including abiding to modern disability access standards, delivering digital improvements, and implementation of sustainable carbon technologies that will enable the Council to set the building on a clear path to decarbonisation. The proposed works will reduce the carbon footprint by minimum 40% and create a more carbon efficient building.

5.2.3 If this option was progressed in 2021, there is an opportunity to further enhance the decarbonisation of the MAC by securing Government Funding via the National Public Sector Decarbonisations Scheme. A bid has been put forward for this, which if successful, will generate c.£3.3m of investment to assist in decarbonising the building further than the 40% carbon reduction measure set out in the RIBA Stage 2 Report. If this funding is secured, it will result in enhanced carbon measures as well as contributing to offsetting the costs of the full refurbishment by an estimated £1m.

5.2.4 The programme for the full refurbishment has been modelled on the desire to maintain services for as much as is practical during the refurbishment period. If this option is progressed construction is expected to last a total of 27 months, allowing for the building to remain operational with access to some services in order protect the Council's contractual obligations and associated income, and to maintain key services. The additional revenue implications during the construction phase have been estimated at £1.177m.

5.3 Option 2: Delay Refurbishment and Undertake Essential Works Only

5.3.1 If the refurbishment scheme was delayed by a number of years, it is

anticipated that there will still be a significant capital costs to be met by the AMP programme to address the priority works required to maintain existing services and ensure the building remains operational during this period. The cost of this has been estimated at £22.7m. These works have been costed to include all items that are approaching or have reached the end of life. This assumes all of the work is carried out as a single project, rather than reacting to failures as and when they happen (which will be more expensive and have a greater impact on service delivery due to potential unplanned closures). The revenue implications associated with a forced unplanned closure due to maintenance failures is estimated at £1.482m per annum, therefore it would be more prudent to progress this option as an early preventative approach, rather than reacting to failings on a piecemeal basis. It should be noted that this option excludes investment into any carbon reduction technologies.

5.3.2 Under this option the following non-essential items would not be replaced in the short term: the replacement of corroded seats; replacement and provision of specialist event lighting and equipment; control systems to abide to modern disability access standards, and replacement of floor and wall tiling to pool side areas and pools. It should therefore be noted that the priority works will not provide a facility of a standard that is appropriate for hosting major national / international events.

5.3.3 If the essential works were not progressed immediately, the MAC will continue to fail and there will be a significant strain on AMP budget by reacting to maintenance and health and safety issues. This will result in ongoing unplanned long-term closures, restricted access to services and or some services being withdrawn. In addition, the building will continue to operate inefficiently with high CO₂ consumption. Any significant delays will impact negatively on the Council's commitment to be a carbon neutral city by 2038. This option will expose the Council to possible claims from partners for reduced services.

5.3.4 If the wider refurbishment works set out in section 5.2 were delayed for a further 10 years the cost of the associated works is anticipated to increase by up to £2.5M (Net Present Value). There would also be an additional 9-15 months of facility closures. The additional revenue costs associated with this are estimated up to a further £1.328m. Given this, the combined comparative cost of Option 2 on a like for like basis with option 1 is estimated up to **£36.4m**. It should be noted that there would also be other revenue, which would be at risk relating to a loss of activity and events over the next 10 years. This is estimated at further **£4m** over the 10-year period.

5.4 **Option 3: Do Nothing**

5.4.1 If the decision is to do nothing, i.e. no substantial investment to maintain and upgrade the building, and no scheme is delivered, the services and the building will continue to fail and it is likely to lead to closure. In addition to the potential consequences identified in option 2, the Council would face long-term financial and operational impact, such as:

- Potential relocation of GB Para Swim Team and loss of revenue.

- University of Manchester Licence obligations not being met and loss of revenue.
- Manchester Metropolitan University Licence obligations not being met and loss of revenue.
- Revenue impact in the Leisure Contracting arrangements.
- Some or all services being withdrawn.
- Risks around delivery of sustainable technologies and continued high CO2 and energy consumption.
- There would be a significant reputational risk and financial impact should the venue not be to a standard to host major national / international events and continue to deliver the GB Para Swim Team national training programme.
- Increased cost within any future contract due to the inability to sustain services and drive growth.

6.0 Conclusion and Next Steps

- 6.1 It is recognised the MAC has played an important role in the development of Sport and Leisure in Manchester over the last 20 years. Not only does the MAC support the Council's community objectives for improving health outcomes, it also supports Manchester's ambitions as a global city. The MAC has a viable business plan; and the Council has chosen to utilise the net proceeds from the operation of the site over the last 20 years to underpin the costs of the whole leisure estate.
- 6.2 Both Options 2 and 3 presents significant financial and operational consequences and risk to the Council, partners and communities if the scheme is delayed or placed on hold for the foreseeable future. Progressing Option 1 will ensure the MAC is a sustainable community asset for the next 20 years, continuing to contribute to health, economic and social outcomes, as well as reducing the overall carbon footprint. As outlined, this option requires an upfront capital investment in order to secure a sustainable future for the facility under which existing activities and the varied benefits they generate can be protected. Not only is this an operational preference, it is believed to offer the best funding scenario for the Council. It would therefore be prudent to proceed with the full refurbishment scheme and allocate the full budget to proceed to RIBA Stage 4 and 5, in order to streamline the programme and avoid further added costs associated with seeking further approvals.
- 6.3 If Option 1 is progressed, it should be noted that there are some additional further development opportunities which could be considered on a spend to save basis, these include:
- Repurposing underutilised parts of the building to create an improved health and fitness facility within the current demise.
 - To create an entrance direct from Oxford Road to improve the customer journey for Health and Fitness members
 - To relocate the cafeteria.
 - To modify internal spaces to improve income generation.

A detailed business case for these additional works has not yet been considered, however if the full refurbishment is progressed, it would be prudent to examine the viability of these enhancement opportunities on a spend to save basis as part of the detailed design stages in order to inform the final scheme.

7.0 Key Policies and Considerations

(a) Equal Opportunities

- 7.1 An Equality Impact Assessment will be carried out in relation to the refurbishment programme. There are no adverse impact anticipated for any protected characteristic group.

(b) Risk Management

- 7.2 A risk workshop for the project has been undertaken and a detailed risk log has been captured. The risk associated with this project will continue to be reviewed by the Project Board.

(c) Legal Considerations

- 7.3 These proposals will require consent from organisations such as Sport England and the Universities and will have contractual implications with partners such as GLL and British Swimming. Agreement will be sought with these parties prior to any works being progressed.