
Report To:	Education & Communities Committee	Date:	24 January 2023
Report By:	Corporate Director Education, Communities & Organisational Development	Report No:	EDUCOM/09/23/TM
Contact Officer:	Tony McEwan, Head of Culture Communities and Educational Resources	Contact No:	01475 712828
Subject:	Proposed Indoor Tennis Facility		

1.0 PURPOSE AND SUMMARY

- 1.1 For Decision For Information/Noting
- 1.2 The purpose of this report is to seek agreement of the Education and Communities Committee to cancel the project to build an Indoor Tennis Facility at Rankin Park in Greenock.
- 1.3 The service was advised in January 2022 of a significant increase in costs associated with the development which would take it over the budgeted £1.835m to £2.7m. A series of meetings took place with the service, Alliance Leisure (the Agent), Inverclyde Leisure (IL), and our funding partners, Lawn Tennis Association (LTA) and sportscotland, to establish where the increase in costs could be attributed and where costs could be driven down.
- 1.4 Alternative models for construction were considered and market tested but this resulted in project costs between £2.6m and £3.6m. Without extra funding from partners, who have advised there is no more funding available for the Rankin Park proposal, there is a funding shortfall of between £0.6-£1.6million. It is unlikely that even if an alternative site was identified that it would be more cost effective.
- 1.5 Paragraph 4.1 of this report outlines the three potential options the service considered. However, given the significant increased costs of the project due to market conditions; the difficulties of the site; the uncertainty in the leisure sector, combined with the financial context of the Council and IL, it is recommended that the project should not be progressed any further, and cancelled.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Education and Communities Committee;
- approves that the project to build an Indoor Tennis Facility at Rankin Park is cancelled and that sportscotland and the LTA are formally advised of the Committee's decision.

Ruth Binks
Corporate Director, Education, Communities and Organisational Development

3.0 BACKGROUND AND CONTEXT

- 3.1 At its meeting on 21 January 2019, the Education and Communities Committee noted an application which was made to the Transforming Scottish Indoor Tennis Fund (TSIT) with the Council's contribution to the overall project previously agreed as £500k, with a total project cost of £1.35m. The project would be managed by Inverclyde Leisure and its development partner (Alliance Leisure), procured through the established UK Leisure procurement framework (UKLF). Funding for the project would be provided by Inverclyde Council, the Lawn Tennis Association through its TSIT programme, sportscotland and to a lesser extent, Inverclyde Leisure.
- 3.2 The project would utilise and extend the existing pavilion at Rankin Park to include 3 indoor tennis courts, a gym, play area and café. At this time, the requirements of the project were that it must have a minimum of three indoor courts; have other facilities on site to support the project; and critically, be attached to an existing facility.
- 3.3 Regular updates have been provided to the Education and Communities Committee regarding the development of the Indoor Tennis Facility at Rankin Park. A report was considered by the Education and Communities Committee in September 2020 which set out proposals to move the location of the facility from being attached to the existing changing pavilion at Rankin Park to a self-contained facility on the ground that, at that time, was occupied by the second bowling green of Rankin Park Bowling Club. This significant change to the project was required due to the likelihood of an objection being lodged by SEPA to the original site following identification of a flood plain on the site of the proposed build. This change, which in effect increased the size of the build to incorporate the changing accommodation separate from the pavilion, together with the impact of the COVID pandemic contributed to both a delay to the project timeline and a subsequent increase in the estimated cost of the project. Alliance Leisure indicated at this time that the total estimated cost of the revised development proposals would be £1.835m, subject to confirming ground conditions through intrusive survey and the final market testing process.
- 3.4 Sportscotland and the LTA confirmed a contribution of £1.2million, meaning a Council commitment to the project of £635k.
- 3.5 In December 2021, the Rankin Park Bowling Club lease was varied to remove the second green and a grant of £25k was awarded to the club in order that it could carry out minor repairs and improvements and provide a large enough footprint for the project. During this time, the planning application was approved and the service and IL began the process of preparing for full market testing of the project.
- 3.6 Meetings with the service, IL and Alliance Leisure took place early January 2022 to attempt to establish cost certainty. On 20 January 2022, the service and IL were advised the estimated project cost in its current scope and specification had increased to circa £2.7m. Alliance Leisure advised that this change was due to a number of factors, including an underestimation of the costs associated with the changing accommodation and ventilation; increased costs in the ground works identified through the intrusive surveys; and market pressures leading to an increase in the cost of steel, concrete and labour. The service, IL, Alliance Leisure and our funding partners engaged in discussions to identify the increased costs in relation to the projected £1.835m estimate prior to market testing; options for changes to the project; and ultimately deciding whether the revised estimated costs represented value for money for all partners involved.
- 3.7 Since February 2022, the service and IL were engaged in discussions with Alliance Leisure to establish where the cost increases occurred and also to make attempts to drive down the overall cost of the project through value engineering, including the use of an internal modular unit, and evaluating options for the removal of spoil from the site. Additionally, the service and IL have engaged with sportscotland throughout this time to ensure the project remained within the original

aims of the agreement with the LTA. As a result of the value engineering and the changes to the removal of spoil, estimated costs for the project reduced to around £2.4m.

- 3.8 As part of the 2022/23 Budget in February 2022, the Council set aside an additional £200k for the project should it be required, thus increasing the total Council funding to £835k, increasing the funding available to £2.035million. Officers began working with sportscotland and the LTA to examine whether they would also increase their contribution in line with the Council's increased commitment.
- 3.9 At a meeting with sportscotland on 4 May 2022, sportscotland highlighted concerns that they and the LTA had over the rising costs of the project and its perceived reduction in the quality of the centre which reduced the estimated cost from £2.7m to £2.4m. It further advised that it was their view that similar projects were coming in at around £1.6m/£1.7m. As such they were unlikely to support any increased investment beyond the £1.2m already promised. At this meeting, sportscotland also suggested that the Council may wish to arrange for IL to consider alternative providers through market testing.
- 3.10 It was the view of officers that this £1.6m/£1.7m cost for similar projects may not account for a project on the site of the former bowling green at Rankin Park has challenging ground conditions due to the presence of a water main, the removal of spoil and its proximity to flood plains. Nor is it clear if similar projects included a gym and café area. Alliance Leisure Ltd advised that the increase costs were deemed appropriate in terms of the current provider, but also advised that a different design and different provider may nevertheless come in less expensive than the current quote.
- 3.11 Further market testing was undertaken in July and August 2022. In September 2022, the service was advised of the following results for a project without the value engineering referred to at 3.7 above:

Provider	Frame	Est cost £m
A	Aluminium	2.6
B	Aluminium	2.8
C	Steel	3.4
D	Steel	3.4
E	Timber	3.6

- 3.12 A meeting to discuss the market testing results was held with funding partners on 9 September 2022. Although the funding partners expressed their continued commitment to an Indoor Tennis Facility in Inverclyde, they have now advised that they are reluctant to support any increase in their contribution on the specific site at Rankin Park due to the significant groundwork costs. It is their view that there would be a disproportionate cost for the groundworks, in relation to the rest of the project.
- 3.13 Funding partners acknowledged the significant resources the Council and IL have already allocated to the project. They also acknowledged the Council's projected budget gap and the competing priorities it now has and were advised that as a result of this, elected members may be reluctant to proceed with the project any further, let alone consider a change in location. Nevertheless, it was indicated by funders that with the 'right' product in place, they may be in a position to increase their current funding contribution of £1.2m, should an alternative site be identified.

3.14 Given the significant budget pressures identified by the Council, it was agreed by the Education and Communities Committee at its meeting on 1 November 2022 that the future of the Indoor Tennis Project should be considered as part of the Council's Budget process for 2023/25. Following this, sportscotland was advised of the Committee's decision.

4.0 PROPOSALS

4.1 The views of sportscotland of building on the Rankin Park site, the increase in costs and the budget process presented officers with a number of options to recommend to the Education and Communities Committee:

1. Proceeding with the project on the existing site, regardless of sportscotland's recommendations. This would, however, necessitate an increase in the Council's contribution from £835k to at least £1.4m. It is officers' view that the increased cost to the Council is very difficult to justify given the challenging financial context facing the Council;
2. For the service to identify alternative sites within Rankin Park (such as on the grass pitch) or in other areas across Inverclyde which will have more 'straightforward' ground works but will still encourage wider participation in tennis. With this option, there remains the risk there would not be a reduction in overall costs. Additionally, the identification of an alternative site which meets the requirements of the TSIT programme would be extremely difficult. The Rankin Park site was specifically chosen because of its proximity to other facilities and also the socio-economic make-up of the area. Any other site in Inverclyde would also have the potential to come across the same issues as the Rankin Park site; or
3. To recommend the cancellation of the project entirely. This option would return the balance of £740k from the Communities Capital programme.

4.2 Having considered the options, the significant pressure on the Council's future Capital Programme plus the potential for significant savings within the existing Leisure estate as part of the 2023/26 Budget, the Corporate Management Team recommends option 3. The project was initially intended to be revenue cost neutral beyond years 3 and 4 and this would be increasingly unlikely to be achieved given the ongoing financial pressures facing the wider leisure industry and increasing utility and non-domestic rates costs. Committee should be re-assured that relationships with the external funding providers have remained positive throughout this process. Additionally, sportscotland is keen to emphasise, that whilst this project has had a number of setbacks, relationships remain strong and that it remains keen to continue to work in partnership with Inverclyde Council, and explore projects in the future.

5.0 IMPLICATIONS

5.1 The table below shows whether risks and implications apply if the recommendation(s) is(are) agreed:

SUBJECT	YES	NO	N/A
Financial	X		
Legal/Risk	X		
Human Resources		X	
Strategic (LOIP/Corporate Plan)		X	
Equalities & Fairer Scotland Duty		X	
Children & Young People's Rights & Wellbeing		X	
Environmental & Sustainability		X	
Data Protection		X	

5.2 Finance

At present there is not a fundable solution to build an Indoor Tennis facility on the site identified by the Council. The Council is facing major pressures on the overall capital programme and there are proposals to materially reduce the size of the existing leisure estate due to the Revenue Budget funding gap. In addition, due to increasing running costs it is now less certain that the facility would not require some level of deficit funding from the Council.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
Capital	Indoor Tennis	To 2022/23 2022/23	£95k (£740k)		Sunk costs out of the £835k Council Contribution Capital freed up if project does not proceed

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
N/A					

5.3 Legal/Risk

Due to the increased costs of the project, there are financial risks to the Council, particularly in light of competing priorities in the IL managed estate.

5.4 Human Resources

None

5.5 Strategic

The development of Indoor Tennis facility has been a key project for the Council, Inverclyde Leisure and sportscotland for several years. However, the context has changed since the project was initially brought forward. In addition, the project has increased significantly in costs, in a time of increasing budget pressures.

5.6 Consultation

No consultations have taken place in respect of this specific project but IL funding was considered as part of the Council-wide budget consultation in October 2022.

5.7 Background papers

None