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**DOLPHIN CENTRE CAPITAL PROGRAMME – RELEASE OF FUNDS FOR  
DOLPHIN CENTRE MECHANICAL, ELECTRICAL AND BUILDING  
REFURBISHMENT**

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**Responsible Cabinet Member -  
Councillor Nick Wallis, Leisure and Local Environment Portfolio**

**Responsible Director -  
Paul Wildsmith, Director of Neighbourhood Services and Resources**

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**SUMMARY REPORT**

**Purpose of the Report**

1. To seek approval to release funds within the capital programme for the replacement/refurbishment of Dolphin Centre mechanical and electrical installations as well as building refurbishment work.
2. To agree the procurement plan for the appointment of the main contractor to carry out the above works.

**Summary**

3. Council have approved £2.7million for refurbishment work at the Dolphin Centre focusing mainly on mechanical and electrical, alongside associated building refurbishment as a result of carrying out this work. In 2006/07, the Dolphin Centre was remodelled and at that time limited mechanical and electrical work was undertaken as the majority of the installations had a further 10 to 12 years life expectancy.
4. A detailed study has been undertaken identifying which mechanical and electrical installations need replacement/refurbishment and in what priority order. The initial Phase 1 work will be carried out September 2015 through to early March 2016 with the remaining work required over the next five to seven years.

**Recommendation**

5. It is recommended that :-
  - (a) Members release the funding for the Dolphin Centre mechanical and electrical project as detailed in this report to the value of £2.7million.

- (b) Members agree that the procurement and appointment of the main contractor to undertake the works be carried out in accordance with procurement law and good procurement practice.
- (c) Members note that the procurement plan for the appointment of the main contractor will be via a compliant tender process or OJEU compliant framework to achieve best value.
- (d) Members allocate £210,000 of funding to cover the loss of income in the Dolphin Centre during the works.

## **Reasons**

6. The recommendations are supported by the following reasons :-
- (a) To facilitate the necessary investment in the Dolphin Centre's mechanical and electrical installations.
  - (b) To designate use of contracts as strategic or non-strategic is a Cabinet function under the Council's Contract Procedure Rules.

**Paul Wildsmith**  
**Director of Neighbourhood Services and Resources**

## **Background Papers**

No background papers were used in the preparation of this report.

Ian Thompson : Extension 6628  
LCD

S17 Crime and Disorder	The content of this report will not impact on crime and disorder.
Health and Well Being	The Dolphin Centre is the Council's key facility in providing opportunities for residents to participate in an active and healthy lifestyle.
Carbon Impact	There will be a positive impact on carbon reduction as a result of installing modern and efficient plant and equipment.
Diversity	No individual is adversely affected as a result of this report.
Wards Affected	The Dolphin Centre is located within Central Ward.
Groups Affected	There will be no long term impact on any individual or group as a result of the outcome of this report, however there may be some short term impacts as a result of the need to close certain facilities whilst the refurbishment takes place.
Budget and Policy Framework	The capital investment will have a positive impact on the net deficit funding of the Dolphin Centre by reducing running costs. The capital investment is provided within the MTFP. A one off revenue budget of £210,000 will be required to cover the loss of income whilst the works are completed, it is within Cabinet's delegated powers to agree this funding.
Key Decision	This is not a key decision.
Urgent Decision	This is not an urgent decision.
One Darlington: Perfectly Placed	The provision of the Dolphin Centre has a positive impact on a number of outcomes within One Darlington Perfectly Placed, particularly Children with the best start in life, More people healthy and independent, A place designed to thrive and More people active and involved.
Efficiency	The investment will lead to increased efficiency.

## MAIN REPORT

### Information and Analysis

7. The Dolphin Centre had a significant refurbishment in 2006, which at that time addressed a number of the problems associated with the building, improved the commercial offer and extended the range of facilities and activities. This refurbishment was funded from prudential borrowing repaid by additional income generated through improved and increased facilities. The net impact of the

investment was to reduce the net deficit of the centre by some £267,000 as a result of the increased income being greater than the cost of debt repayments.

8. The main areas of work carried out were:
  - (a) Circulation areas and the main visitor access
  - (b) Café, Bistro and Bar
  - (c) Soft Play and Sensory Room
  - (d) Central Hall Bar
  - (e) Reception/Customer Services
  - (f) Wet Changing Rooms
  - (g) Pulse Suites
  - (h) Peppercorn Studio
  - (i) Kitchen facilities
  - (j) Register Office and Marriage Hall
9. Alongside the remodelling and refurbishment of the building, some necessary elements of mechanical and electrical installation were also addressed, however at that time, any of the mechanical, electrical and plant installations that were in reasonable condition were not replaced as it was anticipated that they had a further lifespan of 10 to 12 years.
10. The refurbishment was extremely successful with the Dolphin Centre fully reopening in early 2007 and has continued since then to be one of the busiest leisure centres in the country. The Dolphin Centre receives in excess of 900,000 visits per year and is a significant and key building within the town centre.
11. During late 2013/2014, Space Architects and Kyoob, mechanical and electrical engineers, were engaged to undertake a detailed study of the Dolphin Centre. The study included three main components:
  - (a) Analysis and recommendations for a phased replacement and upgrade of the mechanical and electrical installations, including water treatment plant.
  - (b) Combined heating and power study.
  - (c) Analysis of the recommendations for the refurbishment and repair of specific building fabric elements.
12. Further refinement of the detailed study has taken place, prioritising work packages to be carried out in the first phase of replacement/refurbishment.

### **Proposed Works**

13. The Dolphin Centre was opened in November 1982 and therefore the majority of the mechanical, electrical and plant installation is now 33 years old with a significant proportion of the installation being at the end of its life, requiring significant ongoing maintenance and with some areas liable to critical/catastrophic failure in the near future.

14. The majority of the mechanical and electrical installations associated with heating, ventilation, control panels, and lighting in some areas, requires replacement. However it is appropriate to take a phased approach to this work. The main area of concern is the installations associated with the swimming pool complex, changing village, gym and sports hall, due to the corrosive nature of this environment as the majority is located above the main pool hall. (Phase 1).
15. Other areas are getting towards or at the end of their expected life, it is possible to continue to maintain for the foreseeable future, however replacement needs to take place over the next five to seven years and therefore further capital will need to be identified within future capital programme. The estimated cost of these further works is £1.2 million (Phase 2).
16. Priority work to be carried out within Phase 1 from the £2.7million capital allocated is:
  - (a) Replacement of 1 x boiler and refurbishment of second back-up boiler.
  - (b) All mechanical and electrical installation for heating and ventilation for the pool complex, changing village, gym and sports hall.
  - (c) Lighting within the pool hall complex.
  - (d) Combining the current split heating systems into one to improve performance and deliver efficiencies.
  - (e) Converting water treatment system from ozone to ultraviolet, which will deliver ongoing efficiencies.
  - (f) Replacement of pool complex ceilings.
  - (g) Replacement of external windows in pool complex.
  - (h) Repairs to leaking membrane within training pool and replacement of external soffits.
  - (i) Introduction of a pressurised domestic hot water system removing the existing water storage tanks from above the pool hall.
  - (j) Relaying changing room village floor with tiles.
17. This is an extremely complex project that is at early stages of development and whilst it is intended to carry out all of the above work within the £2.7million allocation, there needs to be a level of flexibility depending on final design and costs. Therefore, the level of work that will be completed from the above may vary depending on final scheme and some works may need to move into Phase 2.
18. The remaining works that are required to replace all the outstanding mechanical and electrical installations across the site will need to be carried out over the next five to seven years. These works will address the following areas as only minor

alterations were carried out in the 2006 refurbishment to accommodate layout changes:

- (a) Soft Play
- (b) Main Kitchen
- (c) Meeting Room and Studio
- (d) Dry Changing
- (e) Bistro
- (f) Squash Courts
- (g) Foyer and Reception
- (h) Office Accommodation
- (i) Central Hall
- (j) Wedding Suite
- (k) Replacement of Sports Hall lighting

19. The above works will be prioritised as funding becomes available in future years. In the meantime the installations will continue to be maintained and repaired on an as and when basis.

### **Timescale for Phase 1 Works**

20. Unfortunately replacement/refurbishment on this scale will have significant impact on customers during the closure period. Subject to Cabinet approval to progress the works, further planning will take place with regard to the closure, and wherever possible mitigations will be put in place to reduce the impact on customers and a full communication strategy will be produced.
21. It is proposed to carry out the majority of the works during September 2015 through to March 2016. Work will commence in the main pool swimming complex in September with the target completion date of end of December, reopening early January. While this work is being carried out, the training pool will remain open enabling the school swimming programme to continue as well as a proportion of the private lesson programme, some casual swimming and time for the swimming club. In January, once the main pool complex has reopened, work will commence in the training pool with a target completion date of the end of March. During this period it is anticipated that the majority of the swimming programme will be accommodated within the main pool, however there will be some impact to the private lesson programme, particularly on a weekend.
22. During the works while there will be some disruption, it will be possible to keep the gym and sports hall open therefore minimising the impact on this group of customers.

### **Financial Implications**

23. Within the capital programme there is an allocation of £2.7million for the Dolphin Centre. This funding will enable the Phase 1 works to be carried out as identified in paragraph 16. However, the level of the work to be carried out will be subject to final design and cost.

24. The Phase 2 works which are identified in paragraph 18 will be carried out over the next five to seven years, subject to funding and will cost an estimated £1.2million, however this will obviously increase as a result of inflation and potentially as a result of being carried out in discrete packages as opposed to one overall contract should all the funding not be available at once.
25. As a result of the closure, there will be a pressure on the Dolphin Centre revenue account for 15/16 of approximately £210,000 as a result of lost income from public swimming, reduced lesson programme and secondary spend through catering/merchandising. Management will obviously try to minimise the impact of this in-year pressure but due to the estimated seven-month closure, it will be difficult to reduce. Members are therefore requested to allocate £210,000 to cover the lost income.
26. Subject to final costs and scheme modifications in the coming months, it may be possible to carry out some of the works identified to be delivered the Phase 2 but this will not be known until final prices are received.
27. It is anticipated that there will be an annual saving of approximately £80,000 on utility bills and maintenance costs as a result of the work carried out during Phase 1.

## Risks

28. Below are the risks identified for this project at the current time:
  - (a) Cost of project overrun  
**Mitigation:** Irrespective of procurement route an agreed maximum price will be set that cannot be exceeded without further approval in exceptional circumstances.
  - (b) Project cannot be delivered within the timescale therefore adding additional revenue pressure  
**Mitigation:** Through the detailed work carried out to date, it will be possible to deliver the project within the timescale and liquidated damages for delay will be built into the contract to ensure work is completed by the agreed date and if not that damages are paid to cover the extent of loss
  - (c) Customers go elsewhere during the closure and don't return once reopened.  
**Mitigation:** The overall atmosphere and environment of the pool hall complex will be significantly improved and with a detailed marketing and communication strategy in place, this risk will be minimal.

## Procurement Advice

29. Under the Contract Procedure Rules it is a Cabinet function to consider whether procurement activity is strategic. In considering whether it should be assessed as a strategic procurement, a range of factors are considered. The factors include, cost (spend over £5 million is normally considered strategic for that reason alone), the

impact on residents, financial risk, health and safety implications, whether the design is likely to be innovative, whether there will be external funding/monitoring. The overall assessment of officers is that the project should be considered as non-strategic., although it is moving towards the border of a strategic procurement because of the potential impact on residents.

30. Consideration has been given to the most appropriate procurement route to deliver a successful project within budget and on time. Either a formal OJEU compliant tender process or OJEU compliant framework will be used. The Council will continue to manage the project through the Capital Projects Teams to ensure that the project is delivered in budget and on time with the Council getting value for money. If an existing framework is used then the Council will appoint an independent Quantity Surveyor to ensure the Council gets value for money.

### **HR Implications**

31. As a result of the significant nature of the works it will be necessary to close significant parts of the swimming pool complex at various times and therefore there will be an impact on staffing. The budget for staff is included within the MTFP so will not increase the budget pressure discussed in paragraph 23. However, staff will be utilised in other areas within Culture, and where appropriate the wider Council, staff will also be given the opportunity to take extended annual leave from their existing allowance or unpaid leave during the closure period. Work is currently ongoing and any implications will be fully consulted with staff and trade unions in the coming months.

### **Equalities Considerations**

32. It is not considered that mechanical and electrical works will impact on any individual with protected characteristics.

### **Consultation**

33. It is anticipated that certain areas within the Dolphin Centre will be closed at specific times through the project and therefore consultation will need to take place with individual customers and regular club bookings to manage and mitigate any impact where possible.