

Report of the Executive Manager Communities

Cabinet Portfolio Holder for Community and Leisure: Councillor Debbie Mason

1. Summary

- 1.1 In June 2017, Cabinet approved the Rushcliffe Borough Council Leisure Facilities Strategy 2017-2027. This contains the strategic objective to 'retain five indoor leisure facilities and ensure they are fit for the future'. The strategy prioritises Bingham Leisure Centre as the facility in greatest need of major improvement.
- 1.2 Specialist leisure consultancy Knight Kavanagh and Page (KKP) was appointed in November 2017 to undertake a detailed feasibility study and options appraisal of potential locations for a new leisure centre and the associated financial, operational and technical implications.
- 1.3 The feasibility study involved consultation with key stakeholders and sports clubs operating from the current facility and dovetailed with the wider Bingham master-planning process which aims to set a vision of how the town should develop over time and proposals for how this could be achieved.
- 1.4 The feasibility study considered four potential alternative locations on the Toot Hill School site and concluded that all of the identified locations have significant challenges such as access, proximity to housing, topography and impact on curriculum delivery/school bus parking, all of which impact on the cost of development. The only option not specifically considered in detail is to develop a new stand-alone facility off the school grounds. It is recommended that this is tested further and given the planned housing growth within the town the available Council owned land adjacent to Chapel lane (north of the railway line) should be considered.
- 1.5 The capital construction and fit-out cost (including professional fees and contingency) was estimated for two different facility mixes. Facility mix 1 includes a 5-court sports hall, community hall, swimming pool, fitness gym, exercise studios, changing and office space and replacement athletics track/infield. The high level cost estimate for this facility on the school site is £20.5m to £21.4m dependent upon location, increasing by around £1.9m when inflation is accounted for over a period of 2 years.

Facility mix 2 includes the above facilities minus the sports hall and replacement track and infield. The high level cost estimate for facility mix 2 off

the school site is £16.1m plus inflation estimated at £1.4m over 2 years. It is anticipated that provision of the existing sports hall, track and pitches would remain on the school site.

- 1.6 The financial outturn for facility mix 1 is estimated to return a surplus of £188,000 per annum including an annualised maintenance replacement cost, which acts as a sinking fund to replace all equipment and plant, ensuring the ongoing high quality of the facility. Facility mix 2 is estimated to return an annual surplus of £104,000 including annualised maintenance replacement cost.
- 1.7 The Council has diminishing capital resources and borrowing would be required. Based on a PWLB loan at 2.82% over 40 years (for the full cost of development) annual repayments would be in the region of £944,000 for facility mix 1 or £709,000 for facility mix 2. Assuming the retained surplus was retained by the Council for facility mix 2 this would give a net cost to the Council of £605,000 and place significant financial pressures on the Council's budget going forward. It is expected the wider commercial development of Chapel Lane may offset at least some of these costs, with further work required to determine this. These costs would reduce in line with any external funding secured such as section 106 developer contributions or Sport England grant.

2. Recommendation

It is RECOMMENDED that Cabinet:

- a) Note the findings of the Bingham Leisure Centre options appraisal and feasibility study and associated significant financial implications;
- b) Approve detailed investigations of the feasibility of constructing a new leisure centre at Chapel Lane, Bingham on land owned by the Council as part of a wider commercial development of the site;
- c) Allocate £40,000 from the investment and regeneration project budget to undertake a business case feasibility, site investigations, and design works for an integrated leisure and commercial development of the site;
- d) Request a further report to Cabinet before the end of financial year 2018/19 covering the financial, business and community outcomes of an integrated leisure and commercial development at Chapel Lane.

3. Reasons for Recommendation

- 3.1 A condition survey conducted in 2016 estimated that simply to retain a safe and functioning leisure centre, without noticeable improvements will require works to the value of £1.6m within the next 10-15 years, £500,000 of which will be required within five years. Even with ongoing investment, the existing leisure centre is not likely to achieve the same level of revenue as a new build option.

This highlights that not investing in a new facility would still incur significant ongoing costs. Furthermore retaining the existing leisure centre would not address the underlying issues of the building structure, services, thermal performance, safeguarding or accessibility for users.

- 3.2 The study undertaken by KKP focussed on the Toot Hill School site as a preferred location, however the technical and operational difficulties identified and costs associated with all of the potential locations means that an off-site location should be considered.
- 3.3 Rushcliffe Borough Council purchased land adjacent to Chapel Lane (north of the railway line), Bingham in July 2017. This is shown in Appendix C. An initial desktop review of the site suggests that it could be a suitable location to accommodate a new leisure facility. Further exploration is recommended.
- 3.4 The Bingham Masterplan 10 Year Vision identifies that there is an opportunity to strengthen the local centre of the town by developing the area around the Chapel Lane junction. Creation of a leisure centre with at this location would help to connect residents from the new housing site with those from the existing settlement of Bingham as well as being well located to serve the residential development at the former RAF Newton. The development of this site could also create a wider community and business hub for the local area.

4. Supporting Information

- 4.1 Bingham Leisure Centre was constructed in 1969 and comprises a number of interconnected buildings of predominantly CLASP construction. Over the years a substantial amount of work has been done to extend the life of the various building elements or change their use. There are underlying issues that remain a challenge to the on-going use, maintenance and adaptation of the building. Its condition is such that it will become increasingly difficult to maintain service standards and meet key local and national priorities. The school currently has no plans to redevelop the buildings on the school site.
- 4.2 The needs assessment element of the study undertaken by KKP considered a range of factors including the existing supply and demand for indoor leisure facilities within Rushcliffe and neighbouring authorities, opportunities for co-location of other local public services, accessibility, findings from Sport England facilities planning modelling and consultation with a range of leisure centre user groups and stakeholders. The needs assessment concluded that there is a clear strategic need to replace the Leisure Centre at Bingham.
- 4.3 Based upon the needs assessment two different facility mixes were established to enable detailed financial modelling. Facility mix 1 includes a 5-court sports hall, community hall, 6 lane 25m swimming pool with teaching pool, 75 station health and fitness gym, exercise studios, changing rooms, office space and a replacement athletics track/infield. Facility mix 2 includes the same facilities minus the sports hall and replacement athletics track/infield. Further details are provided in Appendix B.

- 4.4 The options appraisal of sites focussed on providing a new leisure centre on the Toot Hill School site. This was identified as a preferred location by the Nova Education Trust and within the Bingham Community Plan. In association with the Nova Education Trust, four potential locations were identified, as well as the existing leisure centre footprint. As a comparator, modelling of capital and revenue costs for a facility on a generic site was also undertaken.
- 4.5 When considering a potential site for a leisure centre Sport England recommend the following key factors be considered as part of the design process for an affordable centre: access, location of services, orientation, landscape and townscape, a reasonably flat site, proximity to settlement areas and Sport England’s Active Design principles.
- 4.6 During the investigations, development on the existing leisure centre footprint was discounted for the following reasons:
- Current site access and insufficient car parking remains
 - Safeguarding of school pupils during the day
 - High running costs and limited opportunity to incorporate new technology
 - No opportunity to address other community needs – no community hall
 - Facility out of action for entire refurbishment period (12-18 months) affecting school curriculum use, Council’s contract with the operator, loss of service to community and loss of income
- 4.7 The four potential alternative locations on the school site are shown on a map in Appendix A with the respective advantages and disadvantages of each listed below.

<p>Area A – advantages</p> <ul style="list-style-type: none"> • Site is of sufficient size • Creates a cluster of sports facilities for community use • Clear separation of school and community • Sufficient distance from housing 	<p>Area A – disadvantages</p> <ul style="list-style-type: none"> • New road access would be required from Tithby Road - expensive • Insufficient room between housing and banking for vehicle access • Loss of playing field land may require mitigation
<p>Area A conclusion</p> <p>In KKP’s opinion this site is not suitable due to the access challenges and the potential costs associated with addressing these.</p>	

<p>Area B – advantages</p> <ul style="list-style-type: none"> • Site is of sufficient size • Creates a cluster of sports facilities for community use • Clear separation of school and community 	<p>Area B – disadvantages</p> <ul style="list-style-type: none"> • Road access would not change and still be from the Banks • Proximity to housing • Need for increased parking at this part of the site
--	--

	<ul style="list-style-type: none"> • The designated archaeological site will make access difficult • Potential impact on tennis courts, archery area and cricket • Potential for safeguarding issues • Use of playing field land may require mitigation
<p>Area B conclusion In KKP's opinion this site is not suitable due to the challenges associated with gaining access</p>	

<p>Area C – advantages</p> <ul style="list-style-type: none"> • Site is of sufficient size • Clear separation of school and community 	<p>Area C – disadvantages</p> <ul style="list-style-type: none"> • New road access would be required from Tithby Road which is expensive • Insufficient room between housing and banking for vehicular access • Topography is challenging • Proximity to housing challenging • Use of playing field land may require mitigation
<p>Area C conclusion In KKP's opinion there are too many challenges with this site to make it a viable option for development</p>	

<p>Area D – advantages</p> <ul style="list-style-type: none"> • Proximity to Tithby Road • Good (double bus width) access to the site • Clear separation of school and community • No safeguarding issues for the site • No use of sports pitches 	<p>Area D – disadvantages</p> <ul style="list-style-type: none"> • The size of the site is too small to accommodate required facility mix • Topography may be a challenge • Impact of school drop-off/pick up during development period and possibly longer term • Need for the school to build on an asset • Proximity to housing a challenge • Need to relocate school depot storage
<p>Area D conclusion In KKP's opinion this site is unsuitable as it cannot accommodate the scale of development required</p>	

4.8 Rushcliffe Borough Council owns an area of land adjacent to Chapel Lane (north of the railway line). An initial desktop review of the site in line with the Sport England design principles listed in paragraph 4.5 suggests that it could

be a suitable location to accommodate a new leisure centre. The site appears to be sufficient to accommodate the footprint required, is flat, has good access links and addresses some of the challenges on the Toot Hill School site. Further exploration is recommended.

- 4.9 A cost plan to incorporate a full 'turn-key' approach was developed by Abacus Quantity Surveyors to include professional fees, gym equipment, external landscaping, access works and contingencies. The total high-level budget cost of developing a new leisure centre (facility mix 1) on the school site ranges from £20.5m to £21.4m. The cost for a leisure centre on a generic location in Bingham without a sports hall or outdoor facilities reduces to £16.1m. The impact of inflation on these costs is detailed in paragraph 5.2.
- 4.10 The revenue business plan for the facility is based on assumptions of the programme of activities that will be on offer as well as the operational staffing requirements and building operating costs. As an example, the number of swimming lessons reflect the income potential and staffing requirements to deliver these. The plan also includes an estimated 'operator profit' as management is contracted to a third party.

The financial outturn of the new facility with facility mix 1 is estimated to return a net surplus of £42,000 in year 1 rising to £188,000 in year 5 (including annualised maintenance cost, but excluding the cost of borrowing). For facility mix 2 the net annual surplus after 5 years is £104,000.

- 4.11 It is anticipated that external funding would contribute to the overall capital cost of constructing a new facility. This could potentially come from the Bingham Community Chest, developer section 106 contributions and the recently relaunched Sport England Strategic Facilities Fund.

5. Risk and Uncertainties

- 5.1 The comprehensive options appraisal and feasibility study was undertaken to provide robust information to inform decision making thereby reducing the risk to the council. Furthermore, this report recommends further detailed investigatory work on the potential of the Chapel Lane site before a decision is taken regarding how best to provide sustainable indoor leisure provision in Bingham.
- 5.2 For the purpose of this report, the costs are based on current market rates (Quarter 1, 2018). A prudent approach to inflation based on historic long-range forecasts within the leisure industry indicates that an average of c.4.5% p.a. should be anticipated. Over a period of 2 years this would increase the project cost by £1.9m for facility mix 1 or £1.4m for facility mix 2.

There is a risk that inflation or the cost of borrowing may be higher than anticipated, however this is partially mitigated by a 7.5% construction contingency which has been built into forecasts.

- 5.3 There is a risk that the assumptions upon which the revenue business plan is based are not realised upon operation. For example, re-negotiation of the leisure management contract or changes from the assumed prices, opening hours, staffing levels or activities programmed would impact on both the costs and income achieved. However forecasts were produced by a leading specialist leisure consultancy with extensive benchmarking experience and as such can be relied upon to provide a realistic estimate of income and expenditure.
- 5.4 Developing the leisure centre off the school site would require negotiations between the Council, Nova Education Trust and leisure management provider to agree community access to the sports hall and outdoor facilities anticipated to remain on the school site. This constitutes a risk if an agreed solution is not realised.

6. Implications

6.1 Finance

- 6.1.1 The Council's resources are diminishing and the impact on the Capital Programme of proceeding with this project will result in a need to borrow. Based on a loan of £17.5m over 40 years the costs incurred will be in the region of £0.71m per annum that will put significant pressure on the Council's MTFS. Investigations should take place on other ways to mitigate this such as sourcing external funding or complementary commercial development.
- 6.1.2 The net impact of the borrowing and the anticipated surplus of Facility Mix 2 results in a pressure on the revenue budget of around £605,000. Based on the 2018/19 Council Tax base this is the equivalent of £14.20 on band D Council Tax or a 10.7% increase. Further budget efficiencies (either increases in income or cost control) will have to be identified. The further development of Chapel Lane may provide some opportunity to mitigate this risk to the Council's budget. These costs could also be reduced in line with any external funding secured such as section 106 developer contributions or Sport England grant.
- 6.1.3 The significance of such a scheme needs to be considered against other future capital opportunities and pressures as part of the wider setting of the Council's MTFS.

6.2 Legal

- 6.2.1 No legal implications arise directly from this report, but Cabinet is advised that any future use of the Chapel Lane site will be subject to prior satisfaction of all relevant statutory and contractual requirements relating to, or arising from matters including any on-going operational, service or agency contracts, change of land use/occupation, land allocation and appropriation, planning procedures, and environmental issues identified by investigations and related due diligence pertaining to both the current and proposed sites.

7. Corporate Priorities

- 7.1 Provision of a modern leisure centre would contribute directly to two corporate priorities, namely; Maintaining and enhancing our residents' quality of life and transforming the Council to enable the delivery of efficient high quality services.

For more information contact:	Dave Mitchell Executive Manager - Communities 0115 914 8267 dmitchell@rushcliffe.gov.uk
Background papers Available for Inspection:	Cabinet 13 June 2017: Leisure Facilities Strategy
List of appendices :	Appendix A – Figure 5.1 Potential site locations Appendix B – Leisure Centre indicative facility mix Appendix C – RBC land adjacent to Chapel Lane, Bingham