



**Cabinet**

**Tuesday, 12 February 2019**

**Bingham Leisure Centre - Review of Chapel Lane Site**

## **Report of the Executive Manager – Communities**

### **Cabinet Portfolio Holder for Community and Leisure Councillor Debbie Mason**

#### **1. Purpose of report**

- 1.1. The Leisure Facilities Strategy 2017-2027 sets the Council's vision for leisure which is: *'to provide high quality, financially sustainable leisure facilities to support Rushcliffe residents to enjoy healthy, active lives'*. The strategy identifies Bingham Leisure Centre as a priority for major improvement or replacement.
- 1.2. In response to this strategic objective, specialist leisure consultancy Knight Kavanagh and Page (KKP) were appointed by the Council in November 2017 to undertake a feasibility study and options appraisal of potential locations for a new leisure centre on the existing Toot Hill School site. This concluded that building on the school site was costly and technically problematic and that an off-site location should be considered.
- 1.3. As a result, Cabinet on 10 July 2018 approved detailed investigations into 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. Cabinet requested a further report before April 2019.
- 1.4. This report provides a summary of the detailed review undertaken by consultants Gleeds into appropriate commercial opportunities that would support the aspirations within the Bingham Masterplan that could be accommodated on the Chapel Lane site alongside a new leisure centre.
- 1.5. The study identified a preferred option of developing offices in a stand-alone building adjacent to a new leisure centre at an estimated total capital cost for the whole development of £20m including all fees. Subject to enabling works (such as appointment of professional team, planning permission, construction tendering) commencing in spring 2019 works could commence in summer 2020 and be complete by December 2021.
- 1.6. Cabinet is requested to decide whether they wish to proceed to enter into a competitive procurement process for the appointment of a professional team.

## **2. Recommendation**

It is RECOMMENDED that Cabinet

- a) Acknowledges the outcome of the options appraisal and approves the preferred option of a new leisure centre (with community hall) and stand-alone offices;
- b) Authorises the procurement of a professional team to proceed to the next stage of design, planning approval and tender development;
- c) Form a Cabinet led Member Group to oversee the leisure aspects of this report;
- d) Notes the financial implications identified within the report and approves the inclusion of £20m in the Council's Capital Programme together with the funding and resource implications associated with this development in the Council's Medium Term Financial Strategy, to be presented to Full Council;
- e) Receives a further report once successful planning permission has been achieved with pre-tender estimates and any revised funding consequences.

## **3. Reasons for Recommendation**

- 3.1. Development of a new leisure centre alongside stand-alone serviced offices responds to market requirements combined with intelligence indicating good levels of local demand for offices at competitive rents. Although this option does not provide the Council with the highest return on investment it complements the wider masterplan for Bingham by creating an attractive gateway to and from the new housing development within the north of the town as well as providing employment and economic regeneration benefits.

## **4. Supporting Information**

- 4.1. Following competitive procurement, Gleeds Advisory Ltd were appointed by the Council on 4 October 2018 to undertake a study into the business case for a mixed leisure and commercial development at Chapel lane. Gleeds established a consortium of specialists to deliver the commission including commercial agency Innes England and architects CPMG.
- 4.2. The scope of study included a review of potential returns on investment as well as consideration of how the commercial mix could complement the vision within the recently published Bingham Masterplan. The study also included estimating costs for a new leisure centre (indoor facilities only including swimming pool, fitness gym, group exercise studios and spin studio) and community hall and undertaking a due diligence review of the previous KKP study, but with optional costs for a moveable pool floor, additional spectator seating and learner pool. The outdoor sports pitches, athletics track and sports hall would remain at Toot Hill School.

- 4.3. Innes England reviewed local knowledge and third party data to analyse demand of the different sectors within Bingham and the immediate area. This produced a longlist of potential types of development such as car showroom, neighbourhood retail, industrial and public house/food and beverage. A subsequent review against the constraints of the site, financial projections and the wider Bingham Masterplan resulted in a shortlist of options and potential site layouts. The options appraisal summary is shown in **Appendix 1**.
- 4.4. The preferred option includes a new leisure centre and community hall, re-letting the existing council owned industrial unit on the site and provision of a stand-alone office (around 10,000 ft<sup>2</sup>).
- 4.5. As part of the consultants commission CPMG produced some illustrative concept plans of the potential development, which are detailed in **Appendix 2**. The designs do not preclude a potential future relocation of the existing Bingham railway station to this location, which is consistent with the longer-term aspirations in the Bingham Master Plan.
- 4.6. A development including office accommodation was identified as the preferred option despite not providing the highest direct return on the Council's investment. The study reported good indicators of demand for offices at competitive rents but with insufficient financial returns for commercial office developers. Therefore, by investing in offices the Council would respond to the perceived local demand resulting in the creation of around 90 FTE jobs.
- 4.7. There are a number of external funding sources currently available that present an opportunity to put together a package of funding that could contribute to the costs for the scheme. It must however be emphasised that none of this funding is guaranteed and the amount from each source may be lower than estimated. Potential external funding includes:
  - 4.7.1. D2N2 Local Enterprise Partnership funding of £750,000 which is provisionally allocated to this site however timescales and required outputs for this may be challenging.
  - 4.7.2. N2 Town Centres Programme which has approx. £900,000 available to bid for with a requirement to deliver job outputs. A bid could be submitted to contribute towards the office development.
  - 4.7.3. Sustainable Urban Development Funding which is European Regional Development Funding. There is approx. £2.8m available to bid for. This could be matched against the above pot as a contribution towards the office costs.
  - 4.7.4. Future High Streets Fund has recently been announced by Government. It is not clear if this scheme would be eligible for funding and whether it would fit into the planned wider bid for Bingham town centre work as set out in the Bingham Masterplan.
  - 4.7.5. Sport England Strategic Facilities funding ranges from £500k to £2m and is targeted towards building new financially sustainable leisure centres.

- 4.8. In addition to the external funding sources, there is a potential to release Developer Contributions of approximately £1.85m held under S106 Planning Agreements for Community Facilities, Swimming and Sports Hall provision in Bingham. This would be subject to due process for commitment of sums held and, with regard to Community Facilities, by consultation, negotiation, and agreement with the Town Council.
- 4.9. The following draft timeline provides an indication of the individual activities required to complete this development based on the recent experiences when developing the Rushcliffe Arena. This gives an indicative completion date for the project of December 2021.

Appoint design team	Spring 2019
Stakeholder consultations	Summer 2019
Finalise design and pre-tender estimates	Autumn 2019
Submit planning application	Late 2019
Procure construction team	Spring 2020
Start on site	Summer 2020
Completion of works and opening	December 2021

## 5. Alternative options considered and reasons for rejection

- 5.1. The Council could develop a different mix of commercial activities such as industrial or neighbourhood retail to seek greater financial returns on investment. This is not recommended as it would not realise the ambition within the Bingham Masterplan for a new gateway hub nor would it add as much public value as the development of new office accommodation. For example, the area is already well provided for with industrial premises with more to be built in the adjacent housing development. A new neighbourhood retail site could present high risk in the current turbulent retail market and could (depending on tenants) adversely affect existing retailers in the town centre.
- 5.2. A decision could be taken not to develop the Chapel Lane site advertise it for sale and retain leisure on the Toot Hill School site. This is not recommended as the site was purchased as a strategic acquisition and sale would reduce the Council's influence over this important site which is a gateway between the new housing development and the existing town. Furthermore the previous leisure options appraisal failed to identify a suitable new location on the school site meaning that costly refurbishment of the existing leisure centre would be the only remaining option. This would not address the existing problems of poor design and infrastructure.

## 6. Risks and Uncertainties

- 6.1. The Brexit process presents a high degree of uncertainty within the market resulting in the potential for significant change in short-term economic conditions. This could affect the demand for serviced offices and the build cost estimates upon which the financial model was developed. If the decision is taken to proceed to the next stage of appointing a professional team a further gateway decision would be presented to Cabinet to consider designs and costs prior to any appointment of a construction contractor.

- 6.2. There is a degree of uncertainty regarding the strength of the serviced office market within Bingham as there is limited existing provision of office accommodation within the town. However Innes England as part of the feasibility study approached potential serviced office providers to understand their views with generally positive results. There is a perceived demand at competitive rents. Furthermore there was a very strong preference from office providers for a stand-alone facility rather than joined to the leisure centre like the Rushcliffe Arena. This is therefore, recommended as the preferred option within this report.
- 6.3. Developing the leisure centre off the school site will require negotiations between the Council, Nova Education Trust and the leisure management provider (Lex Leisure) to agree exit terms from the current agreement and community access to the sports hall and outdoor facilities that would remain on the school site. Initial discussions with the Education Trust have been held and there is a willingness to work together towards ongoing community access and an agreed solution.

## **7. Implications**

### **7.1. Financial Implications**

7.1.1. The draft capital programme contains a provision of £20m for the development of Bingham Hub. There is an assumption that the Council may need to borrow up to £10m over 40 years. This will give rise to interest charges of £285,000 per annum. The Council will also need to make a Minimum Revenue Provision for the borrowing of £250,000 per annum. Utilisation of Council's resources to balance the required funding will give rise to an opportunity cost in the form of lost interest. This could be up to £80,000 per annum.

7.1.2. Financial modelling assumptions have been made about income projections and cost efficiencies from the new facilities. These are subject to further work and due diligence when the Council undertakes commercial dialogue with relevant third parties. Projections will be revised and reported to Cabinet in future updates (as per recommendation e).

### **7.2. Legal Implications**

7.2.1. There are no legal implications from this report. If the scheme is progressed there will be various procurement and planning implications to consider as well as the renegotiation of the leisure contract.

### **7.3. Equalities Implications**

7.3.1. By providing a new leisure facility in Bingham, the Council will be able to sustain the existing provision whilst it is being built and have no adverse effects on specific groups. The Council will also be able to ensure that it meets the requirements in relation to accessibility and equalities legislation including accessible equipment and concessions to disadvantaged groups.

## 7.4. Section 17 of the Crime and Disorder Act 1998 Implications

7.4.1. The Department for Culture Media and Sport has studied published evidence on the varied benefits of sport. Key findings are that underachieving young people who take part in sport see a 29% increase in numeracy skills and a 12 to 16% rise in other transferable skills. Investment in sports programmes for at-risk youth are estimated at £7.35 of social benefit for every £1 spent – through financial savings to police, the criminal justice system and the community.

## 8. Link to Corporate Priorities

8.1. Provision of a modern leisure centre would contribute directly to all three corporate priorities, namely; Maintaining and enhancing our residents' quality of life; Supporting economic growth to ensure a sustainable, prosperous and thriving local economy and Transforming the Council to enable the delivery of efficient high quality services. By providing a leisure and community hub close to the existing market square and shopping area, the scheme will also enhance the economic prosperity of Bingham and the surrounding areas.

## 9. Recommendations

It is RECOMMENDED that Cabinet

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- b) Authorises the procurement of a professional team to proceed to the next stage of design, planning and tender development;
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- e) Receives a further report once successful planning permission has been achieved with pre-tender estimates and any revised funding consequences.

<b>For more information contact:</b>	Dave Mitchell Executive Manager - Communities Tel: 0115 9148267 dmitchell@rushcliffe.gov.uk
<b>Background papers available for Inspection:</b>	Report to Cabinet 13 June 2017 'Leisure Facilities Strategy'

	Report to Cabinet 10 July 2018 'Bingham Leisure Centre'
<b>List of appendices:</b>	Appendix 1 – Options Appraisal Appendix 2 – Illustrative concept visuals

# Options Appraisal



Car Showroom

Care Home

Roadside

Retail

Retail

Public House

Public House

Trade Counter

Trade Counter

Office

Office

Office (Various)

→ Serviced / Joint

→ General / Joint

→ Serviced / Separate → Serviced / Separate

→ General / Separate

Industrial

Industrial

Industrial (Existing)

Industrial (Existing)

Industrial (Existing)

\*Leisure centre / community hall present in all options



**Illustrative Concept Visuals**

