

Cabinet



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Haverhill Leisure Centre Investment	
Report No:	CAB/SE/18/024	
Report to and date:	Cabinet	27 March 2018
Portfolio holder:	Councillor Jo Rayner Portfolio Holder for Leisure and Culture Tel: 07872 456836 Email: joanna.rayner@stedsbc.gov.uk	
Lead officer:	Jill Korwin Director Tel: 01284 757252 Email: Jill.Korwin@westsuffolk.gov.uk	
Purpose of report:	To approve capital spend on Haverhill Leisure Centre.	
Recommendation:	It is <u>RECOMMENDED</u> that Cabinet approves capital spending of £1,443,000 from the Strategic Investment Fund that was approved by Council in December 2016 (Report No: COU/SE/16/021) and a further £25,984 from the Strategic Priorities and Medium Term Financial Strategy reserve to deliver the improvements to Haverhill Leisure Centre outlined in Report No: CAB/SE/18/024.	
Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>	<p><i>Is this a Key Decision and, if so, under which definition?</i></p> <p>Yes, it is a Key Decision - <input checked="" type="checkbox"/></p> <p>(a) A key decision means an executive decision which, pending any further guidance from the Secretary of State, is likely to:</p> <p>(i) be significant in terms of its effects on communities living or working in an area in the Borough/District; or</p> <p>(ii) result in any new expenditure, income or savings of more than £50,000 in relation to the Council's revenue budget or capital programme.</p>	

The decisions made as a result of this report will usually be published within **48 hours** and cannot be actioned until **five clear working days of the publication of the decision** have elapsed. This item is included on the Decisions Plan.

Consultation:		Consultation has taken place with Ward Members and their advice has been referenced in this report. If this investment is agreed, consultation will take place with affected user groups. Consultation has taken place with the Samuel Ward Academy Trust.	
Alternative option(s):		To not invest in the leisure centre would mean an opportunity to reduce the management fee is missed. To design an alternative scheme for leisure centre improvement – but note, this scheme has been designed on the advice of leisure industry experts.	
Implications:			
Are there any financial implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • Agreeing the spend from the original fund	
Are there any staffing implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Are there any ICT implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Are there any legal and/or policy implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • Legal a new lease will be issued to Abbeycroft; legal agreement with Samuel Ward Academy Trust to protect Council investment and community access	
Are there any equality implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
Disruption to existing sports hall users could create complaints and media interest.	Medium	Effective early engagement. And alternative space identified Abbeycroft will start talking to those users at an early stage to manage expectations. Giving clubs a good period of time to prepare for changes is important	Low
The plan assumes that the schools can accommodate the existing usage at the sports hall but this	Medium	Initial conversations have been very positive with the Trust, Negotiation continues and SWAT	Low

cannot be confirmed until they agree.		have agreed to develop a strategic community use agreement with the Councils for their sites.	
Discovering asbestos following survey	low	£10,000 has been set aside in the budget in order to mitigate this risk	low
Ward(s) affected:		Haverhill North South East and West	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		West Suffolk sports facilities assessment carried out by 4Global. CAB/SE/16/055 Investing in leisure in west Suffolk Associated cabinet report	
Documents attached:		Appendices 1a and 1b: Outline plans Exempt Appendix 2: net revenue benefit Appendix 3: Promoting physical activity framework evaluation	

1. Key issues and reasons for recommendation(s)

1.1 Background

- 1.1.1 Full Council approved the development of a Leisure Investment Fund in November 2016 with the aim to provide capital, to invest in the Council's leisure facilities to reduce the management fee provided to Abbeycroft Leisure accordingly. Council specifically agreed (CAB/SE/16/055):
"the creation of a strategic investment fund of £5m, funded from the strategic priorities and medium term financial strategy reserve, across West Suffolk (£3.5m FHDC and £1.5m SEBC) with delegated authority given to Cabinet (for sums of £500,000 or more), and delegation to the Portfolio Holder for Leisure and Culture, in conjunction with a Director and the Head of Resources and Performance (for sums of less than £500,000), to draw down from this fund in accordance with the principles set out in Report No: CAB/SE/16/055;
- 1.1.2 In April 2017, the council also agreed to enter into a new partnership with Abbeycroft Leisure with a schedule of management fee reductions in part based upon an option to redevelop Haverhill Leisure Centre.
- 1.1.3 In June 2017, under the delegation mentioned above, it was agreed to invest £57,000 in order to progress the design of the project. Alliance Leisure, a leisure facility developer specialising in the provision of local authority, education and leisure trust facilities, were commissioned to prepare plans to a cost certainty phase using a procurement framework. That has brought the benefit of not only confirming the final cost of the works but also identifying any issues that could impact on the delivery of the project.

1.2 The proposal

- 1.2.1 Surveys and design work have been undertaken to inform a number of improvements to the centre. Whilst the design reflects current trends in the leisure market, the space will be adaptable to enable refits in the future as trends will inevitably change. This scheme proposes the following improvements to Haverhill Leisure Centre:
- Open up the reception and relocate café and kitchen area to ground floor, opening the space to current sports hall
 - Reconfigure the current sports hall to include:
 - New soft play area
 - New climbing zone (Hangfast)
 - Retain 1 court that can also be used for Parkour
 - Create a new wellness space on the ground floor with treatment rooms and studio space
 - Relocate the Gym/ Fitness suite to the first floor including new male and female changing rooms
 - Make improvements to studios 1 and 2 on the first floor allowing them to be opened up to be used as one large space.
 - Convert existing Health Suite to office space.
 - Make improvements to Samuel Ward Academy sports hall floor to allow for displaced users of the current sports hall space.¹

¹ A communications strategy plan has been developed for displaced users

- 1.2.2 The design has taken into account the potential for future use of the larger site given it is currently part of a Haverhill One Public Estate (OPE) project with ONE Haverhill which includes the aspiration to investigate a health and leisure hub for the town.
- 1.2.3 A financial evaluation of the scheme has been conducted and is outlined in this paper. In addition, the scheme will deliver against the principles of the Council's Promoting Physical Activity Framework by encouraging a wider range of users to use the facilities.
- 1.2.4 The outline plans for the centre are show included at Appendix 1.

2. Proposed timeline

2.1 Key dates from the project plan are shown below:

Task	Start	End	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Procurement	05/04/18	05/04/18									
Detailed design	06/04/18	17/05/18									
Draft contract	06/04/18	19/04/18									
Building contract	20/04/18	26/04/18									
Start on site	25/05/18										
Site works	25/05/18	22/12/18									
Handover	21/12/18										

3. Cost certainty findings

- 3.1 Alliance Leisure presented their initial findings and proposals to Abbeycroft and council officers in October 2017. That initial scheme was considerably over budget at £1.8m and Alliance Leisure worked with Abbeycroft to further value engineer the project to bring it in on budget.
- 3.2 The final scheme is 1.7% over budget at a total cost of £1,525,984. However, there is cost certainty and any overspend on this amount will be Alliance Leisure's liability and not the Council's responsibility (with the exception of any issues arising from the asbestos survey). In addition to this investment, Abbeycroft Leisure have agreed to invest a further £200,000 of their own reserves to bring the project to reality and meet customer expectations. This includes upgrading fitness equipment, improving the systems for admission into the centre and the supporting IT infrastructure, refurbishing the squash courts and general redecoration and furniture upgrade.
- 3.3 Cost certainty is supported by detailed build cost plans, full technical drawing sets and specifications.

4. How this relates to Management fee reduction

- 4.1 An independent feasibility study into the proposed development has been undertaken and a summary of the anticipated net revenue benefit over a five year period has been produced. The savings the project will deliver are

included in Exempt Appendix 2. This shows an indicative return on investment to the council at maturity of 7.69% and is aligned with the ambition to reduce the management fee to zero in line with Abbeycroft Leisure's original management fee proposal.

Year	Management Fee	Management Fee Reduction	Accumulative Saving	Investment Yield
2018/2019	£146,757	£25,243		
2019/2020	£117,406	£29,352		
2020/2021	£80,716	£36,689	£36,689	2.4%
2021/2022	£33,865	£46,851	£83,540	5.47%
2022/2023	£0	£33,865	£117,405	7.69%

4.2 Gross benefit from the Haverhill investment exceeds the reduction in management fee as some return will go back to Abbeycroft in return for the investment they are making. However, the Partnership Agreement includes an annual review of financial performance based upon an open book approach. This provides the Council with the opportunity to review the management fee reduction plan again once this scheme is up and running.

4.3 Given the size and scale of the project, Abbeycroft Leisure are working with contractors to understand the phasing of the project. This development will mean there is a short term revenue reduction that Abbeycroft Leisure will have to manage during the construction of the project whilst also absorbing the indicative management fee reductions.

5. Partnership with Samuel Ward Academy Trust

5.1 In order to increase access to facilities in Haverhill, this project includes a proposal to invest in the Sports Hall at Samuel Ward Academy in the town. That hall is an eight court sports hall but currently is not widely used by the general public. One of the reasons for this is the poor quality of the sports floor. The project proposes an upgrade to the flooring to four of the courts (the hall is split in two by nets and wire barriers). This upgrade will mean that it can enjoy wider use by community groups and a greater variety of sports can be played in the hall. Importantly for this project, it will provide an alternative facility for those clubs that will be impacted by the loss of court capacity at Haverhill Leisure Centre. As a result of this upgrade, it is important to note that overall there will be an increase in courts that can be used in the town. Subject to approval of this investment, consultation will be undertaken with users who will be displaced to this centre, either on a temporary basis whilst works are being undertaken, or on a permanent basis.

5.2 In order to protect the Council's investment and ensure that access to the community will be protected, a legal agreement will be in place with Samuel Ward Academy Trust. Advice on the form and content of such an agreement has been obtained from Sport England.

6. Facility Needs Assessment, and Sports and Physical Activity Framework Evaluation

- 6.1 The Facility Needs Assessment for the Borough of St Edmundsbury indicates that generally there is a good supply of sports halls to meet both existing and future demand. However, it does identify that Haverhill Leisure Centre is operating at 100% capacity at peak times and therefore the Council should examine how they could consider the supply of sports hall provision in the longer term.
- 6.2 In addition to the above, the Council should also consider the age of the current leisure centre provision and understand if the centre should be rebuilt. In light of the most recent major refurbishment in 2008 and the views of our Property Services team, it is considered unlikely that the centre needs to be rebuilt. There is, however, a need to refresh the facility mix and modernise aspects to stay ahead of consumer trends.
- 6.3 This investment proposal will assist with both of the issues highlighted above in the following way:
- (a) Investment in a local school's sports hall and development of a community use agreement will increase the access to sports hall provision by three courts. In the longer term, the development of leisure provision at the school could be further enhanced at a later date to create a facility mix similar to that of Skyliner Sports Centre in Bury St Edmunds.
 - (b) The refurbishment of Haverhill leisure centre will enable the facility to continue to meet consumer demand and offer a far broader range of activities for the local community and surrounding area.
- 6.4 Overall this proposal broadens the leisure offer whilst continuing to meet the need for traditional sporting activity.
- 6.5 The proposal has also been examined in the context of the sports and physical activity framework and identifies whether the council should support such a proposal. The proposal sits within the 'Enable' stream of the framework which is an organisation that provides opportunities for sport and physical activity and is looking to expand. A summary of that evaluation is included at Appendix 3.

7. Recommendation

- 7.1 It is recommended that Cabinet approves capital funding of £1,443,000 from the Strategic Investment Fund that was recommended by Cabinet to Council for approval (Report No: CAB/SE/16/055 refers) and a further £25,984 from Strategic Priorities and Medium Term Financial Strategy Reserve to deliver this scheme.

