

# Newmarket Leisure Centre Investment

<b>Report No:</b>	<b>CAB/WS/19/015</b>	
<b>Report to and date:</b>	<b>Cabinet</b>	23 July 2019
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<b>Key Decision:</b> <i>(Check the appropriate box and delete all those that <b>do not</b> apply.)</i>	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	
<i>The decisions made as a result of this report will usually be published within <b>48 hours</b> and cannot be actioned until <b>five clear working days of the publication of the decision</b> have elapsed. This item is not included on the Decisions Plan.</i>		

**Wards impacted:** **Newmarket North, Newmarket East, Newmarket West, Exning, Kentford and Moulton**

**Recommendations: It is RECOMMENDED that Cabinet approves:**

- (1) capital spending of £1,831,053 from the strategic investment fund that was agreed in November 2016 (Report No: CAB/FH/16/049) to deliver the improvements to Newmarket Leisure Centre outlined in Report No: CAB/WS/19/015;**
- (2) capital spending of £7,000 from the strategic investment fund that was agreed in November 2016 (Report No: CAB/FH/16/049) to implement a Traffic Regulation Order and associated ticketing provision on the Newmarket Leisure Centre car park; and**
- (3) a facility of an additional £295,000 from the strategic investment fund that was agreed in November 2016 (Report No: CAB/FH/16/049) to deliver further improvements to Newmarket Leisure Centre car park to increase capacity, if measures in (2) above do not address capacity challenges.**



## **1. Background / Context**

- 1.1 St Edmundsbury and Forest Heath Full Councils both 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; CAB/FH/16/049):

*"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 and CAB/FH/16/049;*

- 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 improve the offer at Newmarket Leisure Centre.
- 1.3 In April 2019, under the delegation mentioned above, it was agreed to invest £97,000 in order to progress the design of this 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. (Alliance Leisure designed and delivered the improvements to Haverhill Leisure Centre in 2018). The outcomes of that work is the proposal outlined below. By developing the plans to cost certainty stage we are able to confirm the final cost of the works and also identifying any issues that could impact on the delivery of the project to enable these to be managed appropriately.

## **2. Proposals**

- 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 Newmarket Leisure Centre:

- The development of a soft play facility integrated sensory play features for a more inclusive offering encouraging more children to be physically active;
- New café further back into centre where the currently changing rooms are joining the soft play;
- Gym extension upstairs to include free weights to meet increased demand in this area;
- eGym facilities to respond to latest trends in gym facilities and enhance the potential to create referral routes from health;

- New first floor studio (powered by Self Centre similar to Haverhill)
- Health studio working with NHS partners to maximise the benefits of health and leisure working together supporting the social prescribing approach;
- Spin studio;
- New First floor changing facilities

Ground and First floor layouts are attached as Appendices A and B.

2.2 Abbeycroft Leisure recently undertook a consultation to engage with the local community to ensure that the current and future leisure offer would enable all residents to lead healthy and active lives. The survey was designed so the local community could share their thoughts and experiences of Newmarket Leisure Centre as well as their usage of the current facilities and what they would like to see in the future.

The three key areas that were identified as the most important were:

- (i) improved car park for all health and leisure users,
- (ii) enhanced Fitness Suite and Exercise Class provision,
- (iii) improved café and hospitality area for leisure and social users.

Users also identified that access to health and support services such as Community health groups and physios were also identified as important services moving forward.

There was some support identified for the need of a Children's soft play and sensory area as well as using the latest technology to improve customers booking and payment experience.

2.3 A financial evaluation of the proposed 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.

2.4 **Car Parking:** Changes to the car park were not included within the specification and remit of the Alliance Leisure cost certainty work. However, the carpark at the Leisure centre is frequently short of spaces, indeed this was identified through the consultation as the element most users want changed or improved. It is understood that the car park is not solely used by leisure centre users so it is important that use of this car park is addressed to ensure that users are able to access the leisure centre.

2.5 Implementation of parking controls on this site would manage demand. This would be done through a Traffic Regulation Order that could set a limited duration of stay and/or set a tariff structure that would both generate an income to cover the additional enforcement required on the site and/or help fund additional spaces or on-going maintenance should issues continue. As with other Leisure centres across the District, leisure centre users would not



be charged to park for a period of up to 3 hours. It is recommended funding for a Traffic Regulation Order covering charging and maximum stay time is agreed, together with equipment to enforce the new operation (e.g. ticket machines, RingGo). The scheme will be designed in consultation with the Portfolio Holder for Operations.

- 2.6 If agreed, once these changes are implemented, the property services team will monitor usage and occupancy within the car park. If capacity issues continue to cause a problem, a number of options have been developed to provide additional spaces, up to a maximum of 81 (Appendix C). Initial investigations into indicative costs have been undertaken by the team, suggesting that the maximum scheme would cost £295,000; however, additional work will need to be undertaken to understand the planning and site constraints that will need to be managed as part of this work. It is recommended that Cabinet allocates up to £295,000 for additional works from the strategic leisure fund, should additional changes to the leisure centre car park be required. This is effectively a project contingency.

## 2.7 **Timescale**

The proposed draft timeline for the leisure centre improvements is set out below but this is subject to agreeing the approach with stakeholders. The changes proposed do not require planning permission:

### **Site set up**

26 August to 29 September 2019

### **Phase 1 – School entrance**

26 August to 4 September 2019

### **Phase 2 – First Floor free weights and changing rooms**

2 September to 22 November 2019

### **Phase 3 – Ground floor soft play, servery, hub, kitchen**

25 November 2019 to 13 March 2020 (This allows for 9 day Christmas close down)

### **Phase 4 – First floor Studios, NHS room, Ground floor spinning studio**

16 March to 22 May 2020

### **Phase 5 – Improvements to the car park**

June 2020\*

\*Subject to further evaluation as outlined above.

Abbeycroft have undertaken an exercise to understand the impacts of each phase of the build on their users and the adjoining school, which utilises the leisure centre under a dual use agreement, and the actions that will be taken to mitigate impact and inconvenience.



## 2.8 Cost certainty findings

Alliance Leisure have developed a scheme that will be delivered for £1,831,053, including all fees. This is cost certainty figure, and any overspend on this amount will be Alliance Leisure's liability and not the Council's responsibility.

In addition to this investment, Abbeycroft Leisure have agreed, subject to Board approval, to invest a further £150,000 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, and general redecoration and furniture upgrade.

## 3. Alternative Options

- 3.1 To not invest in the leisure centre. This would mean an opportunity to reduce the management fee is missed and improvements to health and wellbeing through physical activity are not achieved. If facilities do not remain attractive it could lead to reduced use of the existing facilities.

## 4. Consultation and engagement

- 4.1 As outlined in paragraph 2.2 Abbeycroft Leisure recently undertook a consultation to engage with the local community to ensure that the current and future leisure offer would encourage and enable all residents to lead healthy and active lives. The survey was designed so the local community could share their thoughts and experiences of Newmarket Leisure Centre as well as their usage of the current facilities and what they would like to see in the future. A summary of the results can be found in Appendix D. Conversations have already taken place with Newmarket Academy who share the site in regard to the leisure centre and car park controls.

## 5. Risks

- 5.1 There are a number of risks and dependencies associated with the project and this are summarised in the table below with mitigation and actions to date.

<b>Risk/Dependency</b>	<b>Mitigation/Action</b>
Unity Schools Partnership Trust land could be effected by the development at their Newmarket Academy site	Dialogue has commenced with Unity Schools Partnership Trust at a board level
Phasing of the development in such a way that enables Abbeycroft Leisure to maintain a stable financial platform.	Abbeycroft Leisure are developing a financial plan linked to the phasing of the development that minimises disruption to users and protects key income streams.



Negative Feedback from users who are relocated/displaced.	A consultation and communications plan will be developed to address users concerns once the cost certainty phase of work and community use arrangements are complete.
Lease has expired in Feb 2019 inked to the School and Abbeycroft Management agreement	Dialogue has begun with Unity Schools Partnership

Table 1: Risk Summary

## 6. Financial

- 6.1 The cost certainty work undertaken Alliance Leisure determined that the capital cost for the improvements outlined in paragraph 2.1 would be £1.83m, this can be funded from the Strategic Investment Fund. The additional works to control the car park will cost £7000 initially, and only if that is not successful will the Council undertake the additional car park improvements, currently estimated at £295,000, again to be funded from the Strategic Investment Fund.
- 6.2 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. This is detailed in Exempt Appendix E. This shows an indicative return on investment to the council at maturity of 4.26% and is aligned with the ambition to reduce the management fee to zero. The savings the project will deliver are summarised below:

<b>Project</b>	<b>Year 1 (part year)</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Newmarket Leisure Centre	£12,568	£52,820	£70,930	£73,365	£77,965

Table 2: Financial benefits summary

- 6.3 This will enable Abbeycroft to implement the reduction in the Leisure Management Fee payable the Council as previously agreed and set out below. Note the table below shows reductions that reflect all other leisure centre investments not just Newmarket:



## Management Fee Reduction 2017 - 2028

<b>Combined</b>	<b>Amount</b>	<b>Reduction</b>	<b>%</b>
2017/2018 Baseline	£586,000.00	£0.00	
2018/2019	£500,000.00	£86,000.00	15%
2019/2020	£400,000.00	£100,000.00	20%
2020/2021	£275,000.00	£125,000.00	31%
2021/2022	£157,499.81	£117,500.19	43%
2022/2023	£63,831.00	£93,668.81	59%
2023/2024	£33,760.00	£30,071.00	47%
2024/2025	£0.00	£33,760.00	100%
2025/2026			
2026/2027			
2027/2028			

Table 3: Agreed Management Fee Reduction.

- 6.4 Gross benefit from this 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.

## **7. Appendices**

- 7.1 **Appendix A:** Proposed Ground floor layout  
**Appendix B:** Proposed first floor layout  
**Appendix C:** Proposed carpark layout  
**Appendix D:** Results of consultation survey  
**Exempt Appendix E:** Abbeycroft Newmarket Business plan

## **8. Background documents**

- 8.1 [West Suffolk sports facilities assessment](#) carried out by 4Global.  
[CAB/SE/16/055 Investing in leisure in west Suffolk](#) Associated Cabinet report

