

## Brandon Leisure Centre Investment: Funding for Cost Certainty

<b>Report No:</b>	<b>CAB/WS/20/016</b>	
<b>Report to and date:</b>	<b>Portfolio Holder Decision</b>	5 February 2020
<b>Cabinet Member:</b>	Councillor Joanna Rayner Portfolio Holder for Leisure, Culture and Community Hubs <b>Tel:</b> 01284 750366 <b>Email:</b> <a href="mailto:joanna.rayner@westsuffolk.gov.uk">joanna.rayner@westsuffolk.gov.uk</a>	
<b>Lead officer:</b>	Jill Korwin Director <b>Tel:</b> 01284 757252 <b>Email:</b> <a href="mailto:jill.korwin@westsuffolk.gov.uk">jill.korwin@westsuffolk.gov.uk</a>	

**Decisions Plan:** The decision 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.

**Wards impacted:** All wards

<b>Recommendations:</b>	<b>It is recommended that the Portfolio Holder for Leisure, Culture and Community Hubs approves the allocation of £99,000 to be used to complete the cost certainty phase of the Brandon Leisure Centre investment project. This cost is included within the total capital cost of the project, which will be funded the Leisure Investment Fund and Investing in Growth Fund, as set out in section 3 of Report No: CAB/WS/20/016.</b>
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## **1. Background**

- 1.1 Members will be aware that the Council approved the development of a Leisure Investment Fund for both Forest Heath (£3.5 million) and St Edmundsbury (£1.5m) in November 2016 with the aim of providing capital to reduce the management fee provided to Abbeycroft Leisure accordingly.

Council agreed specifically (CAB/SE/16/055 and 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*

- 1.2 In April 2017, the Council also approved entering into a new partnership with Abbeycroft Leisure with a schedule of management fee reductions which included an option to further develop Brandon Leisure Centre.
- 1.3 Whilst the development of Brandon Leisure Centre has been identified as a project that would complete in 2021 there is a need to move to the stage of development that brings cost certainty and confidence to proceed.

## **2. Development Proposal**

- 2.1 Abbeycroft Leisure and West Suffolk Council have developed a proposal for the redevelopment of Brandon Leisure Centre that aims to achieve three key aims:

1. Increase the number of people engaging physical activity and improving health wellbeing activity.
2. Improve the financial performance of Brandon Leisure Centre and reduce the management fee accordingly.
3. Provide rentable space to contribute to both the management fee reduction and the Investing in growth fund.

- 2.2 The proposal includes the following facility developments:

- Improved café
- Gym relocation
- Purpose built free weights area
- New Studio
- Treatment rooms (for rental) \*
- Office space (for rental) \*
- Shapemaster suite
- Improved changing facilities

### 3. Financial Information

#### Capital Costs

- 3.1 A high-level estimate of the capital costs (excluding VAT) has been developed along with the potential timescales below.

	<b>Capital Costs</b>	<b>Lead In</b>	<b>Construction Duration</b>	<b>Total</b>
<b>Brandon Leisure Centre</b>	<b>£1,876,000</b>	<b>29 weeks</b>	<b>36 Weeks</b>	<b>65 Weeks</b>

- 3.2 Included within the capital costs and timescale is the next stage of the work, which is to complete survey work to ensure that there are no fundamental issues linked to the design and structure of the existing building that would not allow the proposed development to move ahead and provide cost certainty.
- 3.3 There is currently £1,378,889 left of the Leisure Investment Fund. A provision of £295,000 of the fund was put aside for improvements to the car park at Newmarket Leisure Centre. This may no longer be required due to the current success of the Traffic Regulation Order put in place at Newmarket, and therefore could potentially be added back into the Leisure Investment Fund, making the remaining balance £1,673,889.
- 3.4 This would leave a shortfall against the capital costs of £202,111. It is proposed that this shortfall be funded from the Council's Investing in Growth Fund.
- 3.5 At maturity (three years) the scheme is predicted to deliver an improved revenue position of £93k pa representing an overall return of 4.95%.

### 4. Sports and Physical Activity Framework Evaluation

- 4.1 The proposal has been examined in the context of the sports and physical activity framework and to identify if the Council should support such a proposal. The proposal sits within the "Enable" stream of the framework where there is an organisation that provides opportunities for sport and physical activity and looking to expand.



4.2 In addition to this the proposal also meets the following outcomes of the framework:

<b>Outcome</b>	<b>Response</b>
<p><i>Social and community</i></p> <ul style="list-style-type: none"> <li>• create an environment that provides the opportunity for physical activity for all;</li> <li>• encourage personal responsibility for wellbeing through education and the development of life skills and healthy habits;</li> <li>• improve the quality of life and the health and wellbeing of all our communities;</li> <li>• ensure that physical activity is inclusive by understanding and addressing barriers to participation;</li> <li>• maximise use of local assets including sharing assets where appropriate; and</li> <li>• make connections between different communities through shared activities.</li> </ul>	<p>The range of facilities on offer will enable the council to provide a far greater opportunity for residents to engage in physical activity across a broader age range.</p> <p>The offer has been designed to specifically meet the needs of the Brandon population and build on the success of initiatives like Active Lives.</p> <p>The addition of treatment rooms creates the opportunity to collaborate with health, sharing assets in an effective way. It enables stakeholders and alternative providers to operate within the leisure facilities and refer into a far broader range of activity.</p>
<p><i>Economic</i></p> <ul style="list-style-type: none"> <li>• ensure we are financially efficient and responsible in a changing financial environment, in line with the councils' Medium-Term Financial Strategy;</li> <li>• understand how our impact on health and wellbeing will financially benefit the whole public sector;</li> <li>• target our financial support and subsidies to improve outcomes that support our strategic priorities; and</li> <li>• Create wider value for money.</li> </ul>	<p>The proposal enables the council to achieve its vision in terms of the reduction in the management fee paid to Abbeycroft Leisure. The project also has the potential to produce resources that could be targeted at programmes and initiatives that support those who are currently inactive.</p>
<b>Outcome</b>	<b>Response</b>
<p><i>Personal experience</i></p> <ul style="list-style-type: none"> <li>• provide opportunities for physical activity that are</li> </ul>	<p>The proposal aims to provide real choice to local residents enabling</p>



<p>accessible, inclusive, welcoming, nurturing and convenient;</p> <ul style="list-style-type: none"> <li>• acknowledge that there are a range of motivations to participating in physical activity and that some people want to be competitive, whilst others don't; and</li> <li>• support the provision of facilities (including shared facilities) and opportunities in locations that encourage participation and keep active people active.</li> </ul>	<p>them to engage in a broader range of activity within Brandon and the surrounding area.</p> <p>The range/choice of services and facilities also enable people to initiate and maintain their motivation to stay active for longer, which provides a better chance of success to create behaviour change in the longer term.</p>
<p><i>Health and wellbeing</i></p> <ul style="list-style-type: none"> <li>• promote initiatives that will support the Suffolk Health and Wellbeing Strategy;</li> <li>• focus on activity to address preventable health issues by creating local opportunities that address local health needs, using the health data at Appendix A of the 'West Suffolk: promoting physical activity' framework;</li> <li>• ensure that active people remain active and that more people become active; and</li> <li>• encourage natural exercise as a part of daily lives and acknowledge that this may not include traditional sport.</li> </ul>	<p>The programmes/initiatives operating from the proposed facilities, combined with those in the broader community, create a platform to promote the need to lead a healthier lifestyle.</p> <p>The addition of treatment rooms/community health space within the leisure centre creates a facility where health agencies can create partnerships with physical activity specialists to further develop programmes, referral routes and opportunities that address the conditions highlighted in the local needs assessment</p>

## 5. Risks and dependencies

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.

Risk/Dependency	Mitigation/Action
Land owned by Remembrance Playing Fields could be affected by the development at the site	Dialogue has commenced with Remembrance playing fields



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.

## 6. Procurement

- 6.1 Abbeycroft Leisure have been working with Alliance Leisure to work up the initial proposals. Alliance Leisure have significant experience in developing and refurbishing leisure facilities throughout the UK and have just completed the £1.5m remodelling of the Haverhill leisure centre.
- 6.2 Alliance Leisure are also the development partner appointed by Denbighshire County Council for its UK Leisure Framework. Procured in accordance with EU Procurement Regulations by Denbighshire County Council, the Framework term is four years, commencing on 1 February 2017 and the Board comprises of Officers from Denbighshire County Council and representatives from Alliance Leisure. The Leisure Framework has a potential value of £750 million and the maximum value of any project awarded under the Framework is £20 million.
- 6.3 Alliance Leisure has selected a number of contractors, architects, specialist leisure advisors and equipment suppliers, to provide Framework services across a number of categories including; feasibility studies and business planning, design management and services, construction, sourcing and provision of private funding, marketing, branding and sales development and equipment provision.
- 6.4 It is anticipated that the Council will appoint Alliance Leisure to project manage and deliver the development at Brandon Leisure Centre under the UK Leisure Framework. Once the cost of the development has been confirmed through detailed surveys, and once appointed, Alliance Leisure will guarantee the delivery of the project for the agreed sum and the risk of the project transfers as contracts are signed.

## 7. Cost certainty

- 7.1 The next step for the project is to complete the cost certainty phase of the project. This brings the benefit of not only confirming the final cost of the works but also identifies any issues that would mean the project could not be delivered. The cost of this phase of the project is £99,000. This cost is included within the total capital cost indicated within an earlier section of this report.



- 7.2 In effect, this resource is at risk if the project did not move forward, however if Alliance Leisure or its approved contractors identify an issue that would prevent the project moving forward the work would cease immediately and no further costs would be incurred.

## **8. Alternative options**

- 8.1 The Portfolio Holder could choose not to approve the allocation to fund the cost certainty phase of the project; however, if this work was not carried out, issues may not be identified that may prevent delivery of the project at a much later stage and by such time, further costs may have been incurred.

## **9. Background documents**

- 9.1 St Edmundsbury and Forest Heath Cabinet Reports:

Report No: [CAB/SE/16/055](#)

Report No: [CAB/FH/16/049](#)

