



**SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL**

# Cabinet

17 August 2021

**Report of:** Councillor Barry Dobson

The Deputy Leader of the Council



## Deepings Leisure Centre

At 47 years old Deepings Leisure Centre is rapidly approaching the end of its operational life and requires significant investment. A decision has been made to temporarily close the centre due to its current condition, and the significant health and safety risks this presents to the public and staff. Cabinet is requested to consider an urgent report to cease the management and operation of Deepings Leisure Centre.

### Report Author

Karen Whitfield, Head of Leisure



07976 854538



Karen.whitfield@southkesteven.gov.uk

Corporate Priority:	Decision type:	Wards:
Healthy and Strong Communities	Key	Two or more Wards

Reviewed by:	Karen Bradford, Chief Executive	30 July 2021
Approved by:	Nicola M <sup>c</sup> Coy-Brown, Director of Growth and Culture	3 August 2021
Signed off by:	Councillor Barry Dobson, The Deputy Leader of the Council	4 August 2021

### Recommendations to the decision makers

1. Approves that notice is provided to Lincolnshire County Council that South Kesteven District Council will cease the management of Deepings Leisure Centre with effect from 1 September 2021.

- 2. Notes the shared ambition of South Kesteven District Council and Lincolnshire County Council to deliver a replacement leisure centre in the Deepings, subject to the development being affordable and the appropriate allocation of land in the Local Plan refresh.**
- 3. Notes the ongoing work to develop a business case to secure the ongoing provision of outdoor activity on the Linchfield Road Playing Fields and provides delegated authority to the Director of Growth and Culture, in consultation with the S151 Officer, to implement the findings.**
- 4. Agrees to receive a further report to assess the financial implication on the management fee between South Kesteven District Council and LeisureSK Ltd, in response to the cessation of the management of Deepings Leisure Centre.**

# **1 The Background to the Report**

- 1.1 On 29 July 2021, in considering the significant health and safety risk to the public and staff, the Chief Executive, in consultation with the Leader of the Council and the Cabinet Member for Leisure, took the decision to temporarily close Deepings Leisure Centre using the emergency powers available under Article 16 of the Constitution.
- 1.2 Having been built in 1974, Deepings Leisure Centre is the oldest in the Council's leisure portfolio. Although the leisure facility has been managed by South Kesteven District Council (the Council) since it was built, the building and land upon which it is situated, is owned by Lincolnshire County Council (LCC).
- 1.3 There have never been any formal leasehold arrangements in place between LCC and the Council and therefore the respective responsibilities of each organisation are not formally documented. Historically the Council has been responsible for repairing and maintaining the leisure centre building and car park, together with the playing fields on Linchfield Road.
- 1.4 Use of Deepings Leisure Centre is shared between the Council and The Anthem Trust (Deepings School). Deepings School has use of the swimming pool, sports hall and playing fields during the day on a term-time basis, in return for an annual fee which is budgeted to be £35,600 in 2021/22. This relationship has never been formally documented.
- 1.5 Until 31 March 2014, LCC paid an annual contribution of £124,000 towards the maintenance and upkeep of the leisure centre. At this time LCC notified the Council that it was their intention to transfer a leasehold interest in the leisure centre, car park and Linchfield Road playing fields to Deepings School as part of an academy transfer process, therefore their funding contribution would cease.
- 1.6 The Council were further advised that they would subsequently need to negotiate the ongoing use of the leisure centre, and the terms of a sub-lease, with Deepings School. To date the leasehold arrangements between LCC and Deepings School have never been finalised, although this work is now in progress.
- 1.7 Since 2014 there have been numerous attempts to agree the proposed terms of a subsequent lease between SKDC and Deepings School, once the lease arrangements between the school and LCC were finalised. No agreement was ever reached and, in 2017, these talks stalled as the Council declared an ambition to build a new leisure centre in the Deepings to replace the existing facility.
- 1.8 The Council have continued to repair and maintain the existing leisure facility, including the car park and the playing fields. Under the previous leisure contract arrangement with Leisure in the Community (trading as 1Life), and the current arrangement with LeisureSK Ltd, the Council has been responsible for any repairs and maintenance over £500 and has been responsible for the maintenance of mechanical and electrical systems across all four leisure centres (in Grantham, Bourne, Stamford and the Deepings).
- 1.9 The mechanical and electrical plant at Deepings Leisure Centre are the original installations from 1974. The Council has been in a contractual relationship with Briggs and Forrester (formerly CES) for over 20 years. Under the terms of the contract, Briggs and Forrester have been responsible for planned preventative maintenance and undertaken reactive repairs, as and when necessary. This work has been intrinsic in keeping the aging plant equipment operational for so long.

- 1.10 Despite this, in line with its age, Deepings Leisure Centre is now showing major signs of deterioration. The most significant issue is the failure of the roof which leaks. As a result, a series of repairs to the roof have taken place.
- 1.11 Since April 2021 it has become apparent that these issues have escalated significantly. The centre is now suffering from water ingress throughout the whole building. The most affected areas being the sports hall, corridors, swimming pool area and squash courts.
- 1.12 In response, the Council commissioned Siddle Grimley Hage to undertake a structural roof survey to assess whether it was safe for the leisure centre to remain operational. The survey report received confirmed that, at that time, there were no immediate health and safety concerns in relation to the existing roof structure being compromised. The roof loading calculations were found to be within acceptable tolerances. However, the report did recommend that a further survey of the roof should take place prior to winter, as even the accumulation of laying snow could place too much additional load and stress on the roof.
- 1.13 Unfortunately, the roof survey also confirmed that it would not be possible to add an additional layer to the roof as this would place too much extra stress on the existing roof structure. The report concluded that the only option that would ensure that the roof was safe and watertight was to remove the existing roof surface and completely replace it.
- 1.14 The leaks into the building have caused operational health and safety risks, particularly in relation to potential slips and falls resulting from standing water. LeisureSK Ltd have worked with their independent health and safety providers, Right Directions, to mitigate these operational risks. This has included amending the risk assessments and operating procedures to restrict access to affected areas, or to completely close areas off if necessary.
- 1.15 Whilst this action has minimised the risk of injury, this has resulted in reputational risk for the Council, especially as activities frequently have had to be cancelled at short notice.
- 1.16 In addition to the roof leaks, there are other significant issues impacting the ongoing operation of the centre. In June 2021 the Council received a report from our maintenance contractor that one of the two boilers is now beyond repair. Prior to the temporary closure of Deepings Leisure Centre, the facility was running on the one remaining boiler, which is of a similar age and condition and could fail at any time.
- 1.17 Other known issues include the presence of significant potholes in the car park, which require resurfacing works, there are significant areas of the pool tank which require regrouting, and the air handling system is obsolete and therefore approaching the end of its life.
- 1.18 In May 2021 the Council wrote to LCC highlighting the critical maintenance issues. Since that time, discussions have continued between the two organisations and a full building condition survey has been commissioned.
- 1.19 The following table details the remedial work identified within the building condition survey and the estimated associated costs:

## Results of Building Condition Survey

<b>Rectification</b>	<b>£</b>
Roof replacement	684,451
Treatment to external cladding	39,484
Replacement boilers	98,709
Replacement passenger lift	52,645
Replacement water filter for the plant room	13,161
Work to replace internal ceilings damaged by water	65,806
Work to replace water damaged flooring	26,323
Repair to staff room damaged by water	13,161
Replacement of sports hall floor	9,871
Replacement windows	46,064
Internal redecoration	26,322
External redecoration	26,322
Rectify flooding issues in the plant room	6,581
Resurface car park and access road	39,484
Replacement fire doors	39,484
<b>TOTAL</b>	<b>£1,187,868</b>

- 1.20 In addition to the items identified in the building condition survey (above), Briggs and Forrester have confirmed that the costs associated with replacing the air handling system would be £187,000. Currently, it is impossible to estimate the cost of the remedial work to the pool tank as an initial underwater survey of the pool is required before a quote can be received. However, a visual inspection shows significant areas require regrouting.
- 1.21 The Leaders and Chief Executives of the Council and LCC met recently to discuss Deepings Leisure Centre and the results of the building condition survey. At that meeting, both parties agreed that Deepings Leisure Centre is now past its economic and operational life and, considering the significant imminent health and safety risk, the only option is for the Council to cease the operation of the building as soon as possible.
- 1.22 Following this it was proposed that the Council would vacate the building as soon as practically possible and that the Councils would work together to agree security and demolition of the site.
- 1.23 On the 27 July 2021 it became clear that the situation with the roof at Deepings Leisure Centre was deteriorating rapidly. During a period of heavy rainfall, significant leaks were experienced throughout the building, as a result the lights in the pool hall were affected and a piece of roof debris was found in the pool.
- 1.24 Given the increased risk to health and safety of the staff and customers, there was no option other than to temporarily close Deepings Leisure Centre in advance of an emergency meeting of the Cabinet to determine the longer-term position.

- 1.25 The Council have been continuing with feasibility work for a replacement leisure centre for the Deepings. As part of this work, various schemes of development have been considered, including the level of capital investment required and the operational business plan.
- 1.26 In September 2019 the Linchfield Road Playing Field site was originally identified as the Council's preferred site for the potential development of a new leisure centre. Whilst a leisure centre development on this site is still a possibility, the work undertaken to date has identified that, due to the required scale and size required of such a facility, this site may not be the optimum location. The Council have also been made aware of concerns from residents and local organisations around the current traffic and parking situation in the areas of Linchfield Road and Spalding Road in Deeping St James.
- 1.27 The capital development costs, and business plan have demonstrated that a development at this time is unaffordable for the Council given the revenue implications of the required borrowing, and the Council's wider financial pressures.
- 1.28 However, following the meeting between the respective Leaders and Chief Executives of the Council and LCC, there is an ongoing shared ambition to provide a replacement leisure centre in the Deepings and to identify a suitable location. An alternative option for a replacement leisure centre for the Deepings could be a joint residential and leisure development on the Millfield Road site, which is currently owned by LCC.
- 1.29 Talks are continuing between the two councils to explore the possibility of applying for the Millfield Road site to be allocated for development within the refresh of the Local Plan which is currently ongoing. The current timescale for the adoption of the refreshed Local Plan is December 2024.
- 1.30 Should this joint ambition be achievable, both parties will work together to explore potential Section 106 funding to offset some of the cost of development, which could enable the development to be more affordable.

## **2 Consultation and Feedback Received, Including Overview and Scrutiny**

- 2.1 The Chief Executive, in consultation with the Leader of the Council and the Cabinet Member for Leisure, has used the emergency powers within Article 16 of the Constitution to temporarily close Deepings Leisure Centre.
- 2.2 Due to the urgent nature of this report, and the significant health and safety and reputational issues, it has not been possible to take a formal report through the Council's scrutiny process.
- 2.3 Confidential briefings have been held with the Conservative Group, the Independent Group, and the Labour Group to fully appraise them of the urgent nature of this report. This includes the recommendation for the Council to cease the management and operation of Deepings Leisure Centre at the end of August 2021.
- 2.4 The Chairman and Vice-Chairman of the Council's Culture and Visitor Economy Overview and Scrutiny Committee have also been consulted.

### **3 Available Options Considered**

#### **3.1 Do Nothing**

The results of the building condition survey undertaken confirmed that doing nothing is not an option and that significant investment is required in Deepings Leisure Centre if the Council are to continue to operate it.

#### **3.2 Invest in the Current Facility**

The building condition survey has identified that circa £1.2 million of investment is required to rectify the repairs and maintenance identified. Further sums would also have to be committed to cover the outstanding replacement of the air handling unit and the remedial works to the pool tank.

As any investment would not result in an enhancement to the existing building, the Council would be unable to utilise capital funding to undertake this work, and as a result any funding would need to come from the Council's revenue budget.

Whilst any investment would bring the centre to a level where it could be operated safely, it is unlikely that this would have an impact or significant improvement in the level of income generated by the current centre.

As the building will continue to deteriorate in line with its age, any investment will need to be carefully considered. In addition, although the leisure facility has been managed by the Council, the building and land is owned by LCC.

#### **3.3 Develop a new leisure centre in the Deepings**

Feasibility work on the development of a new leisure centre for the Deepings is continuing. As detailed within this report, there is now a joint ambition between the Council and LCC to bring forward a new leisure centre development in the Deepings.

The Council will continue to work with LCC to explore options around the Millfield Road site and whether this site can be submitted for consideration as part of the Local Plan refresh.

The Council will continue to assess this option alongside the previously proposed site at Linchfield Road. Any development will be dependent on a funding strategy and the operational business plan, which will need to take account of the Council's other priorities and financial commitments.

### **4 Preferred Option**

4.1 The preferred option is that the Council provides notice to LCC of its intention to cease the operation of Deepings Leisure Centre on 1 September 2021 due to serious health and safety concerns in relation to the building.

4.2 That the Council remove any fixtures, fittings, and equipment as soon as practicable after 1 September 2021, and continue to work with LCC to explore the joint ambition to develop a new leisure centre on the Millfield Road, including exploring potential options for Section 106 funding.

## **5 Reasons for the Recommendations**

- 5.1 Deepings Leisure Centre has reached the end of its operational life due to the age and condition of the building. There are significant health and safety and reputational risks associated with the continued operation of the existing leisure centre.

## **6 Next Steps – Communication and Implementation of the Decision**

- 6.1 Some initial work has been carried out to identify the options for the existing customers of Deepings Leisure Centre. Due to the ongoing impact of the pandemic, the leisure centres are currently operating at just over 50% of pre-COVID-19 levels of usage. As a result, there is capacity within the remaining three leisure centres (Bourne, Grantham and Stamford) to accommodate some of the additional demand resulting from the closure of Deepings Leisure Centre.
- 6.2 A total of 28 staff would be impacted by the permanent closure of Deepings Leisure Centre, six staff are employed full-time, with the remainder a mixture of part-time and casual employees.
- 6.3 Pre-COVID-19, the total number of staff employed by 1Life across all four centres was 243. By January 2021, this number had been reduced to 115 employees, who were transferred to LeisureSK Ltd. As COVID-19 restrictions continue to ease, opportunities will be explored to redeploy the affected staff across the remaining three leisure centres. All affected staff will be fully consulted regarding their options.
- 6.4 This work will be supported by The HR Branch who provide HR support and guidance to LeisureSK Ltd. The affected employees have been consulted in advance of the publication of this report and the Council, LeisureSK Ltd and The HR Branch will continue to support the current employees and assess the personal implications and opportunities for each of them.
- 6.5 In the absence of a current Head of Communications for the Council, a full Communications Plan has been developed with the assistance of Athene Communications. The plan identifies all stakeholders, partner organisations and users, together with appropriate methods of communication of the next steps and options for each.
- 6.6 Together with the Council, the Directors of LeisureSK Ltd will be responsible for assessing the impact of the closure on the business plan for the company and for ensuring that any statutory consultations are carried out effectively.
- 6.7 A business case will be developed to consider options around the continued operation of the Linchfield Road Playing Fields, for the benefit of the local community and Deepings School.

## **7 Financial Implications**

- 7.1 The projected costs of the immediate repairs to the facility as set out at 1.19 are unbudgeted revenue expenditure costs and would require a Council decision to amend the budget framework. If the expenditure is approved, then this would be funded from revenue reserves accordingly. Should the decision be taken to cease the management of the facility, then the management fee that is payable to LeisureSK Ltd will need reviewing to reflect the reduction in the number of operational venues. Furthermore, there will be a



number of other budgetary implications that will require consideration by Cabinet at a future meeting.

**Financial Implications reviewed by: Richard Wyles, Assistant Director of Finance and s151 Officer**

## **8 Legal and Governance Implications**

- 8.1 In assessing the options open to the Council, legal advice has been received that, in the absence of any formal arrangements, the Council have been occupying Deepings Leisure Centre as 'tenants at will'. As such the Council currently has no legal interest in the building. Furthermore, the legal advice received has confirmed that despite the Council being historically responsible for the ongoing repair and maintenance of the current centre, there is no ongoing legal obligation for this to continue.

**Legal Implications reviewed by: Mandy Braithwaite, Legal Executive**

## **9 Equality and Safeguarding Implications**

- 9.1 Both the Council and LeisureSK Ltd have Equality and Diversity policies in place which ensure that all staff and customers of Deepings Leisure Centre are treated equally and fairly.

## **10 Risk and Mitigation**

- 10.1 The Council will work proactively with LCC to vacate the Leisure Centre as soon as practically possible and continue to discuss funding solutions to facilitate an early demolition of the site.
- 10.2 Athene Communications have been engaged to proactively manage a full Communications Plan to support the closure of Deepings Leisure Centre on behalf of the Council. This will include a joint approach to any press or media statements in collaboration with LCC.

## **11 Community Safety Implications**

- 11.1 None arising from the recommendation in this report.

## **12 How will the recommendations support South Kesteven District Council's declaration of a climate emergency?**

- 12.1 The Council's four leisure centres currently account for 41.5% of the Council's carbon emissions.
- 12.2 There is no mains gas feed for Deepings Leisure Centre and the centre is fuelled by oil. Despite oil having a higher energy content it does result in particulate emissions 130 times higher than burning natural gas.
- 12.3 Whilst the provision of a new leisure centre for the Deepings is currently being considered, any new centre will be designed and built in line with current building standards. This will include a new efficient boiler and associated plan which will continue to assist the Council in reducing its carbon footprint.

## **13 Other Implications (where significant)**

- 13.1 Any decision to close Deepings Leisure Centre would result in a lack of access to the sports hall and sports facilities by Deepings School. LCC has confirmed that if the leisure

centre ceases its operation, it will support the school to secure a suitable sports hall solution in the short-term.