



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

Cabinet

7 March 2019

Report of: Councillor Matthew Lee
Leader of the Council



Enhancing Leisure Opportunities for Everyone

The Growth of the District relies on the creation of places where people want to spend time, and invest. Leisure plays a huge part in this; contributing not only to the health and wellbeing of our residents but also – if the offer is right – the health of our own balance sheets. Ensuring we can continue to invest in our services and future leisure and community engagement projects.

This report recommends the delivery of two new leisure centres at Stamford and Market Deeping and a refurbished and extended leisure centre at Bourne. There are also proposals to consider the benefits of a new leisure offer in Grantham Town Centre, and proposals to consult with the public on this approach.

For the Council to commit to such large investment is extremely exciting for our communities and will provide state of the art leisure hubs. This supports the Corporate Strategy and the three goals of growth, agility and competitiveness.

Report Author

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| Corporate Priority: | Decision type: | Wards: |
|---------------------|----------------|------------------|
| Growth | Key | All Wards |

| | | |
|-----------------------|---|--------------------|
| Reviewed by: | Jane McDaid | 26th February 2019 |
| Approved by: | Paul Thomas | 1 March 2019 |
| Signed off by: | Councillor Matthew Lee, Leader of the Council | 2 March 2019 |

Recommendation (s) to the decision maker (s)

It is recommended that Cabinet:

- 1. Formally endorses the Leader's announcement, made in 2018, to improve and increase the leisure provision in our district.**
- 2. Endorses the assessment of delivery options for each of the buildings, for the proposed enhanced leisure offer.**
- 3. Approves the exploration of options regarding the operation of the current leisure centres and the development of a business case for new operating models including the formation of a Charitable Trust.**
- 4. Approves the drafting of a Sports and Physical Activity Strategy and a Cycling Strategy as part of the overarching Cultural Strategy.**
- 5. Make a recommendation to Council that a budget commitment of £11,000 is sought for the development of a new Cycling Strategy through Sustrans.**
- 6. Make a recommendation to Council that a budget commitment of £130,000 is sought from the local priorities reserve, to secure appropriate resource to progress the programme to enhance leisure opportunities for everyone.**
- 7. Approves a full consultation exercise around the options for Grantham leisure centre.**

1 Summary

- 1.1 The Leader of the Council has made a commitment to enhance leisure opportunities for all through new and refurbished leisure centres; through a cultural strategy that has sport at its core; and through a wide ranging place-making vision that will ensure South Kesteven District is the perfect place to live, work and invest.
- 1.2 This report contains a recommendation that Cabinet endorses the Leader's commitment to build new leisure centres in Stamford and Market Deeping; a refurbished leisure centre in Bourne; and the potential for both new and refurbished leisure centres in Grantham.
- 1.3 The benefits of leisure are considerable:
 - it contributes to the good physical and mental health of those taking part
 - it improves health and education
 - it aids community development, including tackling issues such as rural isolation
 - it is a key component of regeneration activities
 - it also contributes over £20bn to the national economy, including through community participation, health, subscriptions and fees and leisure-based employment
- 1.4 The proposals contained within this report put South Kesteven's leisure offer at the forefront of current thinking and represent a significant investment in the district's future. Whilst the focus will be on meeting the demands of our growing communities (larger gyms; studios for classes; climbing walls and trampoline parks) the new leisure centres will also meet the needs of changing communities, with targeted facilities to enhance the attractiveness of the district which could include:
 - A spa for Stamford
 - A new arts venue for Market Deeping
 - A town centre focus in Grantham
 - A larger community offer in Bourne
 - A hub for wider health and leisure engagement with the rural communities
- 1.5 All four leisure centres may be considered to become hubs for community health provision (for example Stop Smoking, physiotherapy and GP referrals) providing help and advice in high quality, accessible facilities.
- 1.6 Whilst the economics of leisure provision demand that they are located in, or close to, highly-populated areas, the leisure centres will also serve the surrounding villages and help to support our rural communities.
- 1.7 The programme of delivery to enhance leisure opportunities for everyone is expected to commence in the financial year 2020/21.

2 The Background to the Report

- 2.1 The Leader has made a commitment to improving the leisure offer in the district.
- 2.2 The investment in the current leisure centres over their lifetime has been focussed primarily on basic maintenance of the centres, with only limited targeted investment.
- 2.3 Having a high-quality leisure, arts and culture offer supports the health and wellbeing of local communities. It is also important that the Council's leisure offer meets modern customer expectations and is aligned to the planned growth of the District.
- 2.4 The proposed enhancements will expand the quality and range of facilities on offer to the towns in which the leisure centres are sited, and the rural hinterland that they also serve.
- 2.5 Mace Consultants were appointed to undertake a Feasibility Study for all the buildings including condition surveys, latent demand and usage figures, an assessment of high-level capital investment costs, and identification of potential locations for any replacement centres.
- 2.6 Should the proposals be approved then it is anticipated that the programme to enhance leisure opportunities for everyone will commence in the financial year 2020/21.

3 Feasibility Report and Delivery Options

- 3.1 A copy of the report produced by Mace Consultants is Appendix 1 to this report. A table showing all the existing facilities, those proposed in the new centres and the community benefits of these is attached to this report in Appendix 2. In summary the report has identified the following for the four centres:

3.2 Grantham Meres Leisure Centre

3.2.1 Age and condition

The Meres Leisure Centre has wet and dry facilities and was originally built in the late 1990's. The Mechanical and Electrical (M&E) installations are over 20 years old. £600,000 was spent on the centre in 2015 on upgrading some areas. The services have been maintained but have had no major upgrades or replacements. There is an issue of high levels of humidity. The general appearance of the facility is reasonable, but dated, and does not offer the most efficient use of space.

3.2.2 There are 3 options for the Meres leisure centre:

3.2.3 Option 1 – Extended Life

With the replacement of key equipment and a general overhaul of the existing installations the serviceable life of the building could be extended for a further 5 years. However, there would be no improvement in the range of facilities offered.

The Council has an annual revenue budget for the repairs, maintenance and costs at the Meres leisure centre and the stadium of £135,000. The additional revenue spent since 2016/17 to 2017/18 against the original budget was £66,000. In the financial year to date, it is estimated that there will be a £5,000 overspend. With the age of the mechanical and electrical services it is anticipated that these costs will increase significantly year-on-year as heating systems and pool equipment dates, until the services are replaced at significant cost.

Even a planned maintenance/replacement programme will lead to the loss of facilities for varying amounts of time which will therefore reduce the range of facilities on offer to our residents.

3.2.4 Option 2 – Refurbishment and Remodelling

To extend the life of the facility beyond 5 years would require a complete replacement of the M&E (although the photovoltaics and combined heat and power plant could potentially be re-used). The feasibility study has assessed latent demand (i.e. demand for leisure centre uses that are not currently being met) and has identified that the gym could be remodelled to provide extra stations (from 75 to 90). Alternative (or additional) uses, for example a trampoline park, could also be provided in some of the existing space within the centre and the changing facilities could be updated. The estimated cost of this option is circa £5-6m.

3.2.5 Option 3 – Exploration of options to move all (or part) of indoor leisure facilities back into the town centre

The current centre is located on the edge of the town and benefits from good road links, co-location with the football club and athletics track and forms part of a large sport and leisure estate including multiple sports pitches. The size of the sports hall also lends itself to large events, with capacity of circa 1,300 seats.

Whilst there are undoubtedly a number of high quality facilities available at the Meres, it is important to ensure that any investment in leisure provision meets the long-term needs and planned growth of the town. Option 3 would consider how an improved leisure offer could best complement the wider regeneration plans for the town. Outline options could involve looking at keeping the stadium, athletics provision, pitches and car parking at the Meres site and moving all other facilities to a town centre location, if full wet and dry facilities should move into the town centre (or other combinations) to ensure that the needs of the community are met with adequate car parking for all users at peak times. The Council could look at a business case to fully-explore moving some of the facilities back into the town centre in Grantham. Such a business case would consider:

- an assessment of the cost of refurbishment versus the cost of building a new, high quality, state of the art leisure centre in the town
- an assessment of the economic benefit of having a new centre versus a refurbished leisure centre; particularly in terms of the quality and range of facilities on offer
- the economic benefit to the town centre and high street
- the potential for wider regeneration benefits that a mixed-use town centre development could bring
- an assessment of the town infrastructure required to support a new leisure offer

The business case would also include extensive public consultation on the proposed new leisure offer.

3.2.6 Recommendation

It is recommended that a case is built around the wider economic and health benefits of option 3 and should this be positive, a report will be presented to a future Cabinet meeting.

3.3 **Bourne Leisure Centre**

3.3.1 Age and condition

The Bourne Leisure Centre was built in 1990 and has wet and dry facilities. The general appearance of the centre is tired and dated. The centre has had no wholesale replacement or upgrading of the M&E for nearly thirty years. Plant has been serviced and maintained but there are issues with humidity resulting from the way the centre was constructed and there are signs of structural water leakage (with no ventilation) which create challenging working conditions for the maintenance teams.

The Centre is no longer fit for purpose, with some areas inside the facility having been altered over the years to provide new uses, for example the creation of a gym within the former bar area. As a result of these ad-hoc changes, the centre is inefficient and doesn't provide the best facilities for its customers. The Feasibility Study also demonstrates that it does not meet the current or future demand for leisure in Bourne.

3.3.2 There are two options under consideration for Bourne leisure centre:

3.3.3 **Option 1 – Extended Life**

With the replacement of key equipment and a general overhaul of the existing installations the serviceable life of the building could be extended for a further 5 years. However, there would be no improvement in the quality or range of facilities on offer and the cost of these works would be around £2m.

The Council has an annual revenue budget for the repairs, maintenance and costs at Bourne leisure centre of £50,000. The additional revenue spent in 2016/17 to 2017/18 against budget was £8,000 overspent and year to date it has been £4,000 overspent. With the age of the services it is anticipated that these costs would increase significantly every year and that 'downtime' of certain facilities during periods of repair would be inevitable. There could be a decrease in customer satisfaction levels should this happen.

3.3.4 **Option 2 - Refurbishment and Remodelling**

In order to extend the serviceable life of the facility for 25 years, a complete replacement of the M&E would be required (although the photovoltaics and combined heat and power plant could be re-used). The feasibility study has shown that there is demand for a new and larger, dry-side offer. This would include a doubling of the size of the gym, more studios and an improved café offer. The estimated capital cost for the refurbishment, remodeling and potential extension is approximately £5m.

3.3.5 **Recommendation**

It is recommended that Cabinet endorse option 2 for Bourne and a full business case will be presented to a future meeting of the Cabinet for approval.

3.4 **The Deepings Leisure Centre**

3.4.1 Age and condition

The leisure centre was built in 1974 and the plant is now 45 years old. There is no gas supply on the existing site, (there is still a reliance on oil) and this issue would need to be addressed if the leisure centre was to remain on this site.

The appearance of the facility is dated and in dire need of modernisation. The entrance to the centre is not easily visible which does not encourage or entice new visitors, there is a lack of car parking as it is shared with the school (meaning at peak times customers are unable to find a space) and inside the centre feels dark due to the lack of natural light.

3.4.2 There are, 2 options for the Deepings leisure centre:

3.4.3 **Option 1 - Refurbishment and Remodelling**

The centre could theoretically be refurbished (through a phased approach) but the site is very constrained. This would result in a significant break in leisure service provision and would add to the cost of the works. Matters are further complicated as the sports hall is used by the school for examinations and there would need to be consultation with the school on any future plans for this site. A similar size leisure building footprint was refurbished recently in a phased approach for a local authority and cost £4m but with the need to update the mechanical and electrical and pool installations this is likely to increase this to £5m.

The Council has an annual revenue budget for the repairs, maintenance and costs at the Deepings leisure centre of £80,000. The additional revenue spent in 2016/17 to 2017/18 was £32,000 and year to date it is a projected £9,000 overspend. It is considered that Option 1 would be prohibitively complex and costly as the centre requires new mechanical and electrical equipment as well as an upgrade to gas. It is still to be determined whether a connection is possible and the capital is likely to be significant. The refurbishment works would severely restrict leisure provision in the town for an extended period.

3.4.4 **Option 2 – New Build**

The feasibility study has shown that there is demand for enhanced wet and dry facilities in the town. The estimated capital costs for a new facility are circa £15m (excluding any land purchase costs). There may also be some additional demolition and remedial costs for the sports hall to remain on the existing site.

A number of potential suitable sites for the new leisure centre have been identified but due to the commercial sensitivity of these discussions the locations remain confidential at this time.

3.4.5 **Recommendation**

3.4.6 It is recommended that Cabinet endorses Option 2, a new leisure centre for the Deepings and that the Council continue to progress with securing a suitable site. A full business case will be presented to a future meeting of the Cabinet for approval.

3.5 **Stamford Leisure Centre**

3.5.1 Age and condition

The leisure centre was built in 1988 and has had no significant investment into the M&E plant in 30 years. The plant has been maintained but there are poor levels of ventilation and high levels of humidity. The appearance of the site and facility is dated. The gym area is very small and doesn't provide adequate space or dedicated studios. There is a need to

provide modern wet-side changing facilities for the wet facilities. There is a small car park which sometimes is full due to the site being shared with Stamford College.

3.5.2 There are 2 options for Stamford:

3.5.3 **Option 1 - Extended Life**

The general appearance of the centre is dated, but with some key replacement of M&E equipment and a general overhaul the serviceable life of the centre could be extended for a further 5 years but this would not improve the quality or range of facilities offered and would likely be around £2m.

The Council has an annual revenue budget for the repairs, maintenance and costs at Stamford leisure centre of £43,000. In years 2016/17 and 2017/2018 Stamford leisure centre was £32,000 underspent against budget but year to date the centre is currently £13,000 overspent. With the age of the facilities it is anticipated that these costs will increase significantly every year and that ad-hoc repairs will be required that will cause disruption to customers.

Whilst the life of the current centre could be extended, this would not allow the current – or future - demand for facilities to be met. This could only be achieved if the centre were to be significantly extended.

3.5.4 **Option 2 – New Build**

A new leisure centre could be provided to meet the needs of Stamford and the surrounding area. The existing centre is too small for a town and hinterland of this size, particularly in respect of the small gym and limited studio space. The existing centre includes an 18 station gym but there is demand for 60 stations, a wider wet offer, café, more studio space than the existing single studio and potentially a spa.

The estimated capital costs for a new facility is circa £15m excluding any land purchase costs (if applicable).

A number of potential suitable sites for the new leisure centre have been identified in the town. The details of these sites cannot currently be revealed due to the commercial sensitivity of these discussions.

3.5.5 **Recommendation**

3.5.6 It is recommended that Cabinet endorses Option 2, a new leisure centre for Stamford and that the Council continue to progress with securing a suitable site. A full business case will be presented to a future meeting of the Cabinet for approval.

3.6 **Delivery of the Leisure Centre Programme**

3.6.1 On 6th September 2018 Cabinet approved the creation of DeliverSK and one of the areas of focus was the delivery of leisure facility development and refurbishment.

3.6.2 It is recommended in this report that this option is explored in detail, alongside other potential options.

- 3.6.3 The delivery of the leisure centre programme is a significant piece of work that will require knowledge of contracts and operations as well as construction and programme management. Not all of these skill-sets currently exist within the Council and it is proposed that additional resource is secured to support the delivery. It is estimated that this will cost in the region of £100,000.

4 Community Engagement

- 4.1 The existing leisure centres at Bourne and the Deepings are shared with the local schools.
- 4.2 The success of the new facilities will depend on the building of lasting relationships with the whole community; including all schools, community groups and sports clubs as well as organisations that are involved in the health and wellbeing of our residents therefore there will be extensive consultation and the Council will assess equality impact in line with our statutory obligations under the Public Sector Equality Duty.
- 4.3 There are established swimming clubs at the Deepings, Bourne and Grantham Meres which are very well respected and provide excellent opportunities for the residents of the District. The Council will work with these clubs to make sure the new and refurbished facilities are suitable for their needs and to allow them to continue their excellent work.
- 4.4 The Council will undertake full consultation with all other interested parties.

5 The Leisure Operator

- 5.1 The current leisure facilities are operated through a contract with 1Life. This contract is due to end on the 3rd January 2021.
- 5.2 There are a number of options for how the current contractual situation could be approached in light of the new and enhanced facilities that are to be developed. Significant legal work will be required whichever option is chosen.
- 5.3 Once the new facilities have been completed there is projected to be a significant increase in the number of visitors, memberships and demand for the services at the leisure centres. With these new facilities, the Feasibility Report concludes that the centres should return a profit (a payment from an operator to the Council) over the life of the new leisure centre.
- 5.4 Whilst a financial return for the Council is essential to repay any potential borrowing that may be required to fund the capital investment, any future operator arrangements will also be required to build on the Council's desire to provide a high quality leisure offer, with state of the art facilities that meet the needs of our community.

6 A new Sport and Physical Activity Strategy, and a new Cycling Strategy

- 6.1 It is the Council's intention to draft a new Sports and Physical Activity strategy as part of the overarching Cultural Strategy for the District.
- 6.2 Sport and Physical Activity is one of the key strands within the Cultural Strategy and initial work has begun through a 'Cultural Conversation' which has taken place in the four towns of the district.
- 6.3 InvestSK, the Council's arm's length economic growth and regeneration company have recently appointed a sports development officer to deliver a sport strategy. This report recommends additional resource to InvestSK to oversee public consultation as part of the programme to enhance leisure opportunities for everyone.
- 6.4 The Council has recently engaged with Sustrans, a charitable organisation that develop walking and cycling strategies and implementation plans that are ambitious, achievable

and effective. Sustrans specialise in future planning for sustainable growth and want to work with the Council to support our plans for Grantham. They will ensure full engagement with the relevant authorities, community stakeholders and delivery partners.

- 6.5 The development of the Cultural Strategy is overseen by the Culture and Visitor Economy Overview and Scrutiny Committee.
- 6.6 Cabinet are asked to recommend to Council to approve the commitment of £11,000 for a 6 month secondment from Sustrans to work on the Cycling Strategy, and the endorsement of the work that is currently being undertaken on the overarching Cultural Strategy, from which the Sports and Physical Activity Strategy will flow.

7 Consultation and Feedback Received, Including Overview and Scrutiny

- 7.1 As has been noted above; the Cultural Strategy work (being led by InvestSK) is being overseen by the Cultural and Visitor Economy Overview and Scrutiny Committee.
- 7.2 Public consultation on the options around the Meres leisure centre is critical to ensuring a full understanding of the opportunities and benefits that could be delivered through a new town centre offer.
- 7.3 There will also be consultation on all of the leisure centres (new or refurbished) as part of the planning stage.
- 7.4 It is essential that this consultation process, and the wider engagement that is proposed with the community and sports groups across the district, is carried out effectively. It is therefore proposed that investSK be commissioned to commence this engagement process. Cabinet are asked to recommend to Council to approve the commitment of £30,000 from the Local Priorities Reserve for this piece of work

8 Available Options Considered

- 8.1 The options for each centre, and operator models, are set out above.

9 Preferred Option

- 9.1 The preferred options for each area of the report are set out above.

10 Reasons for the Recommendations(s)

- 10.1 It is not considered that a 'do nothing' option is viable.
- 10.2 There is a level of investment required to ensure that the current facilities can continue to operate, and this is discussed above in respect of each of the leisure centres. Even under this scenario the budgets required for each centre will continue to climb as dated M&E equipment will require more and more repair work and eventually reach the end of its useful life. During this time, service provision will be affected, and penalties under the current operator model will be triggered as 1Life will be unable to benefit from the income from the facilities that are no longer in operation. This 'bare minimum' option will also fall far below the expectations of the residents of the District.
- 10.3 The reasons for the recommended options are set out above in detail.

11 Next Steps – Communication and Implementation of the Decision

- 11.1 When DeliverSK was approved to be established, its pipeline of potential projects included the possibility of leisure centre facility development/ refurbishment. In order to explore this

further, it is proposed that the Council invites external proposals, including through DeliverSK to come forward with a proposal to deliver these facilities.

- 11.2 The Council will accept the offer from Sustrans for a temporary secondment to work on the Cycling Strategy should Council approve the budget for the post.
- 11.3 The Council and InvestSK will work closely to ensure that there is a programme to develop the new Sports and Physical Activity Strategy under the overarching cultural strategy.
- 11.4 The key stakeholders for each of the leisure centres will be identified and their input into the further work identified within this paper will help to inform the facilities that will be delivered across the district. A resource will be committed by the Council to ensure that this engagement is properly managed and effective.
- 11.5 A detailed communications plan for the leisure centre programme will be developed in due course.

12 Financial Implications

- 12.1 The Council has an annual revenue budget for the repairs, maintenance and costs of its leisure centres of circa £300,000. In the last three years an additional £105,000 has been spent on unscheduled repairs across the four leisure centres. The financial implications of the current leisure facilities are discussed in the body of the report above; with projected increases in spend on repairs, maintenance and replacement of M&E alongside likely disruption to services and reduced income the centres are in need of significant financial investment.
- 12.2 There will be significant capital investment of approximately £35m if the Council builds two new leisure centres and refurbishes Bourne. Funding options and affordability will be key considerations of the detailed business case development. . If the Council borrows some or all of the capital then it will need to see a return on the investment to meet the repayments of the borrowing. There could be a revenue saving to the Council for the repairs and maintenance as the Council will seek to ensure all of these costs are included in the operator's contract terms.
- 12.3 The feasibility study undertaken by Mace identifies that there is strong potential to generate additional income through the provision of new and enhanced leisure facilities across the district. The financial objective is to move to a situation where the current 'break-even' for the management of our leisure centres becomes a positive return.

Financial Implications reviewed by: Debbie Muddimer, Strategic Director Resources

13 Legal and Governance Implications

- 13.1 The primary purpose of an enhanced leisure offer is to improve the social and economic wellbeing of the residents of South Kesteven and as such, the council has, whether itself or through one of its delivery vehicles, the legal power or 'vires' to explore the options in this paper.
- 13.2 The various timelines – asset leases, operating contracts, refurbishment project timescales, refurbishment funding and the possible creation of a leisure trust will need to reconcile into a coherent project plan.

Legal Implications reviewed by: Shahin Ismail – Interim Head of Legal

14 Equality and Safeguarding Implications

- 14.1 All will be reviewed at each stage of the process (consultation, planning, procurement etc) to ensure compliance with the Council's Public Sector Equality Duty, to ensure that the delivery model assesses the impacts on protected groups.

15 Risk and Mitigation

- 15.1 Risk has been considered as part of this report and any specific high risks are included in the table below:

| Category Risk | Action / Controls |
|--|---|
| There is insufficient capital budget | Initial advice has been taken on potential income streams, and how these will fund a programme of delivery. The operator model is integral to this approach; a high quality offer will ensure the best possible usage. |
| 1Lifes contract terminates on the 3 rd Jan 2021 | The report recommend exploring a number of options for the management of the leisure centres in the short and medium term. |
| New facilities timelines not achievable | Timelines will form a key part of the proposals from DeliverSK. |
| Legal and procurement compliance | Any full procurement of a new operator contract will need significant drafting and legal support will be needed in respect of any land transactions; leases/licenses; employment and other related issues. This could be further complicated by the establishment of a Trust. |
| Staff capacity | The report contains recommendations on the resource required to conduct the proposed engagement. Any additional resource required to ensure delivery will be identified at the earliest possible opportunity. |
| Community expectations | It is clear from the latent demand analysis that the community demand is not currently being met. The new and refurbished leisure centres provide the perfect opportunity to ensure that they are. |

16 Community Safety Implications

- 16.1 Community safety will be considered at the new sites alongside any mitigation factors that can be included in the design.
- 16.2 Safety within the facilities themselves will form a key component of the operator agreement.

17 Background Papers

- 17.1 SLPD013 – Cultural Strategy:
<http://moderngov.southkesteven.gov.uk/documents/s18977/SLPD013>
- 17.2 Scoping Sports Development Activities (iSK0010)

17.3 http://modern.gov.southkesteven.gov.uk/documents/s22068/ISK0010_ScopingSportsDevelopmentActivities2019.pdf

18 Appendices

18.1 Feasibility Report Appendix 1

18.2 Leisure Centre Current Facilities and Proposed Mixes Appendix 2

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| Report Timeline: | Date of Publication on Forward Plan (if required) | 1 December 2018 |
| | Previously Considered by: | Not applicable |
| | Decision date | 7 March 2019 |