

## BABERGH DISTRICT COUNCIL

<b>From: Cabinet Member for Communities</b>	<b>Report Number: BCa/17/51</b>
<b>To: Babergh Cabinet</b>	<b>Date of meeting: 8 February 2018</b>
<b>Part 1</b>	

### LEISURE INVESTMENT PROPOSALS KINGFISHER LEISURE CENTRE AND HADLEIGH POOL AND LEISURE

#### 1. Purpose of Report

- 1.1 To seek Cabinet approval in principle for capital investment for the refurbishment and redevelopment of Kingfisher Leisure Centre and the replacement of the swimming pool at Hadleigh Pool and Leisure Centre.
- 1.2 To seek delegation of authority to the Assistant Director Environment and Commercial Partnerships to develop detailed costed proposals, to include obtaining planning permission and competitive tenders for the two schemes, and to report the outcome back to Cabinet for final approval before commencing work.
- 1.3 The refurbishment and redevelopment of Kingfisher Leisure Centre will double the size of the health and fitness facility, provide two new studios, new health and fitness changing facilities along with refurbished wet side changing facilities. This will provide state of the art modern facilities that meet the needs of the community now and for the foreseeable future.
- 1.4 The replacement of the swimming pool at Hadleigh Pool and Leisure will provide a new build modern accessible deck level 25m pool to replace the 47-year-old pool.
- 1.5 The total estimated capital cost of the two projects is £3.834m of which £577k is planned maintenance and £200k has been earmarked by Hadleigh Town Council towards the replacement of the swimming pool. South Suffolk Leisure (SSL) will meet the full repayment of the remaining capital investment, principle and interest, of £3.057m in addition to reducing the management fee they currently receive.
- 1.6 These projects will see an investment in the Council's two leisure facilities of circa £3.8m, providing state of the art facilities to meet the proven needs of the community, capital repayments met in full by South Suffolk Leisure through increased use and income generated and a reduction in the management fee of approximately £2.0m over a 20-year period.

#### 2. Recommendations

- 2.1 That Cabinet approves, that the Assistant Director Environment and Commercial Partnerships be authorised to commission detailed design for the refurbishment and redevelopment of Kingfisher Leisure Centre and for the replacement of the Swimming Pool at Hadleigh Pool and Leisure. This to include obtaining planning permissions and competitive tenders for the two schemes.

2.2	That Cabinet approves, that the detailed designs and tenders received be reported back to Cabinet for final approval prior to works commencing.
2.3	That Cabinet recommends to Full Council that additional funding of up to £3.4m is allocated to the capital programme to support the refurbishment and redevelopment of Kingfisher Leisure Centre and for the replacement of the Swimming Pool at Hadleigh Pool and Leisure (as per para 3.4).
	Reasons for recommendations
	To meet the outcomes of the adopted Leisure, Sport and Physical Activity Strategy.

### 3. Financial Implications

- 3.1 The financial implications for this project falls into 2 stages. The Council has to date incurred costs of approximately £12k at Stage 1 (design) to develop the outline schemes, draft layouts and indicative costs of construction. The results of this work are the subject of this report.
- 3.2 Stage 2, (Detailed design) takes the project to a point where a decision can be taken on whether the project should proceed. The cost of this additional work has been included in the projected capital costs outlined in this report.
- 3.3 The outcomes of Stage 2 will be the subject of a future report and recommendation.
- 3.4 It is proposed that funding of up to £3.4m, which includes a 10% contingency, is incorporated in the capital programme for 2018/19 and 2019/20.

### 4. Legal Implications

- 4.1 Legal advice will be sought during Stage 2 to understand the most appropriate approach to delivery of the project. The legal advice will seek to set out any changes necessary with the Council's contractual relationship with South Suffolk Leisure Trust.

### 5. Risk Management

- 5.1 This report is most closely linked with the Council's Corporate / Significant Business Risks as set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
If investment opportunities are not implemented there is a risk that the swimming pool tank at Hadleigh will fail resulting in the loss of a swimming facility, possible health and safety implications, loss of revenue and increased costs for the management of the facility.	Probable - 3	Bad - 3	Prioritise the development of investment opportunities. Close the pool.

If investment opportunities are not implemented, then additional resources will not be generated to reduce the cost of provision to the Council through a reduced management fee.	Probable - 3	Noticeable - 2	Ensure investment opportunities are prioritised and included in the budget.
If facilities are not improved or extended to meet the needs and demands of the public the current facilities will be overcrowded leading to poor customer experience and possible loss of trade.	Probable - 3	Bad - 3	Improve facilities to meet the demands of the community.
If SSL do not achieve the financial projections set out in the report, this could lead to failure to repay the capital investment.	Unlikely - 2	Noticeable - 2	SSL have a healthy balance sheet providing a cushion for variations in performance. BDC would have the option of testing the market if SSL did not meet the financial commitments.

## 6. Consultations

- 6.1 There have been detailed consultations between Officers, specialist consultants and South Suffolk Leisure. There has also been consultation with Sport England and other key stakeholders. Pre-application discussions have commenced with planners.

## 7. Equality Analysis

- 7.1 There are no equality and diversity implications arising directly from this report as the proposals being put forward are seeking an extension or replacement of what is already being provided. The replacement of the swimming pool at Hadleigh will require an area of the existing park behind the current facility. However, the existing swimming pool site will be returned to parkland resulting in no net loss of amenity.

## 8. Shared Service / Partnership Implications

- 8.1 The Leisure, Sport and Physical Activity Strategy is a joint strategy and the proposed outcomes of these leisure investment proposals will contribute towards the joint strategic priorities. However, the investment proposals in themselves are geographically specific.

## 9. Links to Joint Strategic Plan

- 9.1 The Leisure, Sport and Physical Activity Strategy makes specific reference to the Councils Joint Strategic Plan and the leisure investment proposals specifically relate

to: continued support for Health and Wellbeing outcomes that prevent interventions; manage our corporate assets effectively.

## **10. Background Information supporting the proposed investments**

- 10.1 Babergh District Council adopted its first joint Leisure, Sport and Physical Activity Strategy along with Mid Suffolk District Council in December 2017 (BDC Cabinet 7<sup>th</sup> December). The strategy was developed with the input of specialist leisure consultants through a cross party Task and Finish Panel and through consultation with key stakeholders.
- 10.2 In conjunction with developing the Leisure, Sport and Physical Activity Strategy, our specialist consultants undertook a strategic review of the Councils leisure facilities.
- 10.3 The leisure facilities review was developed concurrently with the new overarching Leisure, Sport and Physical Activity Strategy which provides the joint Councils with a set of strategic priorities for the future provision of Leisure, Sport and Physical Activity services.
- 10.4 The Councils' Vision for leisure, sport and physical activity seeks to provide guidance and inspiration as to what the Councils and our partners are focused on achieving up to 2030.

*“Mid Suffolk and Babergh will support, encourage and inspire their communities to be more active and achieve a better quality of life.”*

- 10.5 The Councils' strategic aim is:

*“To support and enable increased levels of sport and physical activity participation across Babergh and Mid Suffolk; to support the improvement of health and well-being within our communities, particularly those from disadvantaged groups.”*

- 10.6 Below are the top six Strategic Priorities for leisure, sport and physical developed through detailed consultation with elected Members and strategic partners.
  - 1. Children and Young People - Increase the number and frequency of children, young people (1-18 years) and families across the district regularly taking part in traditional and non-traditional sport and physical activity.
  - 2. Older People - Increase the number and frequency of older people regularly taking part in traditional and non-traditional sport and physical activity to reduce social isolation and to improve health and wellbeing.
  - 3. Volunteers - Increase the volunteer base of sport and physical activity clubs and groups to build capacity, resilience and support growth in participation levels.
  - 4. Mental Health - Increase active participation and benefits to participants with mental health issues through sport and physical activity.
  - 5. Physical and Learning Disabilities - Improve the engagement and uptake of those with physical and learning disabilities into community and leisure facilities, ensuring that facilities are accessible and activities are available to all.

6. Sports and Leisure Infrastructure - Support the provision of sustainable community sport and leisure facilities and the spaces and infrastructure that individuals, clubs, schools and groups can access and use to take part.

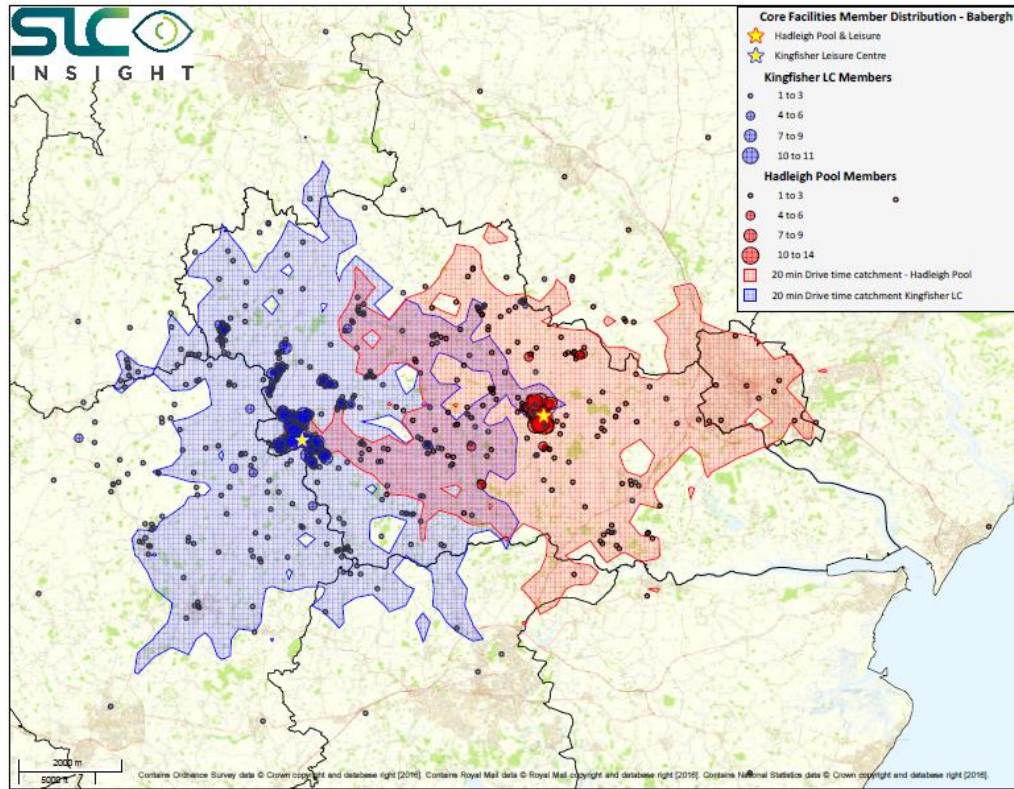
- 10.7 Babergh District Councils leisure facilities are key physical assets that will play a critical role in the successful delivery of the Leisure, Sport and Physical Activity Strategy by providing facilities, activities and services to help get more people, more active, more often. All six Strategic Priorities of the Leisure, Sport and Physical Activity Strategy are to a varying degree, dependent upon the continued provision of publicly accessible and financially sustainable leisure facilities but the sports and leisure infrastructure priority is specifically relevant.
- 10.8 The strategic review of the leisure facilities was designed to identify current and future levels of supply and demand for public leisure facilities linked to projected population growth to identify gaps in provision. It also identifies opportunities to better meet demand and critically, to improve the Councils' revenue position.
- 10.9 The strategic review identified that in view of the projected population growth, the identified gaps in provision and latent demand for facilities identified, the core leisure facilities will continue to play a critical role over the next 20 years. This view is strengthened by the current absence of any major planned facility developments in neighbouring boroughs.
- 10.10 The aim of the strategic facilities review was to ensure that a planned, evidence based, strategic approach is taken for the provision and delivery of sports, recreational and leisure facilities. This has identified investment options which could improve the joint Council's overall revenue position, improve the quality of the facilities and better meet local need. These investment proposals are described in detail in this report.
- 10.11 The options of not undertaking the investments have been considered. If the pool is not replaced at Hadleigh then either it will continue to be operated until it fails, the existing pool is refurbished, or it is closed. If there was a decision to continue to use the pool until it fails, there is a growing health and safety risk that the failure could be significant and possibly harmful to users of the facility. The more prudent decision would be to close the pool. This would result in the loss of income and an increase in the management fee. The most cost-effective proposal is to replace the pool.
- 10.12 The option of not investing in the refurbishment and replacement of Kingfisher Leisure Centre would be that demand would not be met, the opportunity of reducing the financial cost to the Council would not be realised and that customer satisfaction would be materially impacted. Alternative investment options were considered as part of the leisure facilities review and the proposals in this report were the most cost effective to the Council whilst meeting the needs and demands of the community.

## **11. Leisure Provision – current and future needs**

- 11.1 Detailed analysis was undertaken of Babergh's population and demographics to assess future needs. Babergh's population is predicted to grow from 89,521 (ONS 2015) to 93,432 in 2031. The overall population is forecast to make a substantive shift demographically towards the older age groups, over 65 will rise from 1 in 5 to 1 in 3 by 2031, this will have a significant impact on demand for leisure, sport and physical activity provision.

- 11.2 64.9% of adults in Babergh are classified as overweight or obese, compared to the national average of 64.8% and the regional average of 65.6%. Additionally, 15.1% of children in Babergh are obese. This compares to the national average of 19.1% and the regional average of 16.9%. Whilst the figures for children are lower than the national and regional figures, the number is still concerningly high, as is the proportion of overweight and obese adults.
- 11.3 The 2011 Census identified that there is very high car ownership in Babergh due to its rural nature. Only 13.4% of the population does not have access to private transport (Source: draft Built Facilities Strategy 2015-2031). As a result, it can be assumed that the population is relatively mobile and able to travel to access leisure provision.
- 11.4 Sport England's Active People Survey (APS) 2015/2016, indicates that Babergh has 33% of residents involved in at least 1 session a week of 30 minutes of moderate intensity sport. This compares to the national average of 36.1% and the East regional average 36.1%. This is an increase from the 2014/2015 figure of 31.6%. This suggests that only a third of the population are physically active at least once a week.
- 11.5 The top three sports in Babergh, in order of popularity, are cycling, swimming and gym session (Source: APS).
- 11.6 The APS details that 53.5% of adults (16+) in Babergh would like to do more sport. This breaks down to 34.7% of inactive adults and 18.8% of active adults want to do more sport. This adds weight to the proposals being presented.
- 11.7 Volunteering in Babergh has significantly reduced, using statistics from the APS. For 2012-2016, 10.9% of Babergh residents did sports volunteering, which is a sharp decrease from the 17.1% in 2010-2012. Nonetheless, any leisure facility development should increase the opportunities for volunteering and improve the numbers of volunteers.
- 11.8 Figure 1 below shows the distribution of existing members of Babergh's two facilities in the context of a 20-minute drive time catchment. Whilst the core facilities' 20-minute drive time catchments cover most of the District, there are little or no members coming from the north and the south-eastern corner of the District. This is most likely due to their distance from the core facilities and/or availability of alternative facilities closer to them even if outside the district.
- 11.9 In the case of both facilities, there is a very heavy concentration of members from their very immediate catchments, and that membership is significantly less dense beyond that. Although one would expect to see a higher concentration of members in the immediate vicinity of the facility, this does appear to be especially marked in this instance.
- 11.10 It also demonstrates that the facilities serve very distinct physical catchments within Babergh, albeit there is some crossover shown where the drive time catchments overlap, and highlights the importance of the two facilities in serving as many of the District's residents as possible from a physical accessibility perspective.

**Figure 1: Distribution of Members using Core Facilities - Babergh**



- 11.11 Member distribution analysis demonstrates that Babergh’s core facilities have good reach across the District, with only the south-east corner and small areas of the north-west boundary falling outside of the Centres’ reach. It has also shown however, that although members are distributed across the District, there is a notably high density of members in the immediate proximity of the facilities themselves. This suggests that the facilities serve very distinct catchments from a physical accessibility perspective.
- 11.12 The consultants latent (or unmet) demand model assesses market potential based on a defined area and population. This analysis examines the likely total demand generated by a given population for key income generating areas of leisure provision; health and fitness, general swimming and swimming lessons. This is then modelled against the existing total provision and likely met demand. The latent / unmet demand for facilities is therefore the residual from the total demand less the likely met demand.
- 11.13 This model has been used to assess latent demand for health and fitness, general swimming and swimming lessons on the 2015 population (ONS 2015 mid-year population estimates) and 2031 population (ONS 2012-based sub national population projections). These latent demand assessments have been undertaken to support the development of specific facility development options.
- 11.14 Our specialist sports consultants and SSL have undertaken specific latent demand analysis for the individual investment proposals to ensure that there is sufficient latent demand to justify an increase in provision within a reasonable drive time catchment of the proposed development site. A high-level analysis of the latent demand for health and fitness was completed within a 12 and 20-minute drive time catchment of Kingfisher Leisure Centre.
- 11.15 Given the relatively small catchment area from which most existing members of Kingfisher Leisure Centre are currently drawn a sensitivity analysis was applied to the results. The analysis uses the FIA ‘State of the Industry’ (2016) report findings

which indicate that 14.3% of the population nationally have a health and fitness membership. The assessment of latent demand for health and fitness uses population figures calculated based on the 2011 Census population for the area and an assumed rate of population growth to 2031.

- 11.16 Swimming lessons were also analysed as a potential area of growth. A high-level analysis of the overall demand for swimming lessons in the District was undertaken using participation rates for under 10's from Sport Industry Research Centre Sheffield Hallam University depending on age. The assessment of latent demand for swimming lessons in Babergh used the ONS 2015 Mid-Year Population Estimates for the District and assumed participation rates by age group.
- 11.17 The analysis is based on the number of existing participants for each facility in the area which currently runs lessons and actual current number of pupils at Kingfisher Leisure Centre and Hadleigh Pool & Leisure. The analysis demonstrated a potential unsatisfied demand of 149 swimmers.
- 11.18 In summary the analysis undertaken demonstrates that there is clearly a latent demand for the facilities that are being proposed.

## **12. South Suffolk Leisure Trust**

- 12.1 South Suffolk Leisure Trust was set up as a charitable trust by Babergh District Council in April 2006 to manage the Council's leisure facilities. A lease was provided for 25 years for both sites and a separate management agreement was established to be reviewed every 5 years.
- 12.2 The current management fee paid to South Suffolk Leisure by Babergh is £200,640 per annum.
- 12.3 SSL have turned their financial position around in the last 5 years. The Council brought in independent consultants V4 in 2011/12 to independently review the Trust. The outcome of the review was to increase the management fee by £50k per year providing SSL with the opportunity investing and growing the business. This has proved very successful with turnover increasing from £1.4m in 2011/12 to £2.4m in 2016/17, reserves increased from £70k to more than £600k in addition to significant capital investment in the facilities.
- 12.4 Officers recently asked Sport England to undertake an independent review of the performance of the Trust using Sport England's National Benchmarking Service (NBS). The aim of the NBS is to provide local authorities with rigorous and robust information on the performance of their sports and leisure centres compared with that of equivalent family facilities elsewhere in the country.
- 12.5 The analysis reviewed areas such as access, utilisation performance, finance and customer satisfaction. The results demonstrated that the Trust is largely performing in the top quartile in most categories. The areas where performance was low was where investment is needed such as utilities and spend on maintenance. The proposals for Kingfisher will replace key pieces of plant e.g. air handling unit in addition to upgrading areas where significant maintenance is being incurred due to the age of some parts of the facility e.g. changing rooms. Similarly, the pool hall and plant at Hadleigh are inefficient and uneconomic.



12.6 The success of South Suffolk Leisure over the past 5 years, their current performance and their financial sustainability should give the Council a high degree of confidence that SSL are more than capable of succeeding and delivering the outcomes proposed in this report.

### **13. Investment proposals**

#### **Kingfisher Leisure Centre**

13.1 The analysis undertaken in the review of the Council's leisure facilities set out in section 11 demonstrates that there is a current and future demand for health and fitness facilities in the Sudbury area. The health and fitness facilities at Kingfisher Leisure Pool are already operating well beyond capacity.

13.2 The wet side changing facilities were due for replacement several years ago and the work has been delayed in order to undertake the work as part of the redevelopment proposals to maximise efficiencies.

13.3 The proposed refurbishment and redevelopment of Kingfisher Leisure Centre includes:

- Refurbished wet changing facilities
  - Replace toilets and showers in male, female and disabled areas
  - Improve drainage
  - Replaced floor tiles
  - Replace wall tiles
  - New Air handling systems installed
  - New modern plant to support works
- New ground floor health and fitness changing rooms
  - Exclusive access to members only
- First floor development of the gym increasing the capacity from 40 exercise stations to 100 exercise stations.
- Two story extension incorporating ground floor studio/community room and first floor studio

13.4 This development at the Kingfisher Leisure Centre will provide state of the art modern facilities that meet the need of the community now and for the foreseeable future and due to the latent demand for health and fitness facilities in and around Sudbury it is very unlikely that a large private operator will come in to meet our future needs.

13.5 The proposed plans for the refurbishment and redevelopment of Kingfisher Leisure Centre are set out in Appendix 1.

#### **Hadleigh Pool and Leisure**

13.6 As for the Kingfisher proposals the analysis undertaken in the review of the Council's leisure facilities set out in section 11 demonstrates that there is a continued demand for swimming provision in the Hadleigh area.

- 13.7 Around 15 schools use Hadleigh Swimming Pool for their learn to swim programme each year. This accounts for around 10,000 swims each year. Swim England curriculum swimming and water safety statistics conducted in 2016 show that 31 per cent of Year 6 pupils leave primary school without the minimum swimming ability and water safety skills. Suffolk Norse's statistics for schools swimming at these primary school's report that above 87% of children by the end of year 6 (11years) can swim 25m unaided and 78% can pass their personal survival test. Suffolk as a county achieved 74% for 25metres and 58% for personal survival.
- 13.8 The swimming pool at Hadleigh is 47 years old, the pool tank is 25 metres x 9 metres with a shallow end of 1 metre water depth and deep end of 2 metres depth. The pool tank is not designed to comply with current standards and its construction is defective in several areas. The pool is not a deck level pool which makes access and egress from the pool more challenging. The mechanical and electrical services and filtration plant all require replacement, although external air conditioning plant has been renewed in recent years.
- 13.9 Health and fitness facilities were added to the pool in 2012 and the revenue growth has been significant, an increase of approximately 250%. Gross income for health and fitness is estimated to have grown to approximately £700k by March 2018. Hadleigh currently has 1029 members, 83% of which joined the centre for the new health and fitness facilities.
- 13.10 Options were considered for refurbishing the existing pool, but this would have resulted in closure of the pool to the public for approximately a year. Although this option is estimated to be £200k cheaper there were several key concerns. The loss of income and more importantly the loss of swimming lesson trade could take several years to recover as has been demonstrated in similar refurbishment projects. Also, due to the age and original construction of the facility the structural integrity could not be guaranteed which created unacceptable risks.
- 13.11 The proposal is to replace the existing pool to the rear of the building. The existing pool will be retained whilst construction of the new pool is completed and then a relatively seamless opening of the new facility whilst the old pool is demolished. This will result in no or little closure to the public and more importantly no loss of income or trade.
- 13.12 The proposed siting for the new pool building is owned by Babergh and the existing site will be returned to open space once demolition is complete resulting in no net loss of open space. Planners have also been provisionally consulted.
- 13.13 The proposed replacement pool would include:
- Single story structure incorporating 25 metre, five lanes, deck level, single depth swimming pool
  - Spectator seating
  - Sauna
  - Steam Room
  - Store Cupboard
  - Supporting Plant

- Link corridor from existing changing rooms

13.14 Extensive work has been undertaken with architects and cost consultants in arriving at the proposed plans. The plans showing the proposed elevations of the new pool and the siting of the new pool are detailed in Appendix 2.

#### 14. Financial information and management fee reduction plan

This section of the report is not open for public inspection as it contains exempt information by which the Council are likely to exclude the public during the discussion of the agenda item to which the report relates.

#### 15. Additional Financial Information

15.1 The financial proposals set out in section 14 of this report are considered to be the worst-case scenario. They set out the total cost of the proposed developments and the income and expenditure directly associated with them. There are a number of other considerations that could improve the figures.

15.2 It has been assumed that all the capital borrowings will be from the Public Works Loan Board. If the Council were to use any capital receipts received, then this would reduce the cost of capital repayments.

15.3 A funding application will be submitted to Sport England's Community Asset Fund. The maximum grant is £150k.

15.4 There may be the opportunity to utilise some of the CIL income towards these projects that could reduce the borrowing costs.

15.5 All the above will be explored in more detail during phase 2 of the project.

#### 16. Indicative Project Timescale

16.1 The indicative timeline for the two projects are set out below.

##### Kingfisher Leisure Centre

Action / Decision	Date
Cabinet	February 2018
Detailed plans, costings, tender documents, Planning permissions	February to May 2018 Planning Permission June/July 2018
Tenders returned	August 2018
Cabinet – Final approval	September 2018
Contract award and commencement	Late September/October 2018
Completion	Late August/September 2019

##### Hadleigh Pool and Leisure

Action / Decision	Date
Cabinet	February 2018
Detailed plans, costings, tender documents, Planning permissions	February to May 2018 Planning Permission September 2018
Tenders returned	December 2018
Cabinet – Final approval	January 2019
Contract award and commencement	February 2019
Completion	January 2020

**17. Appendices**

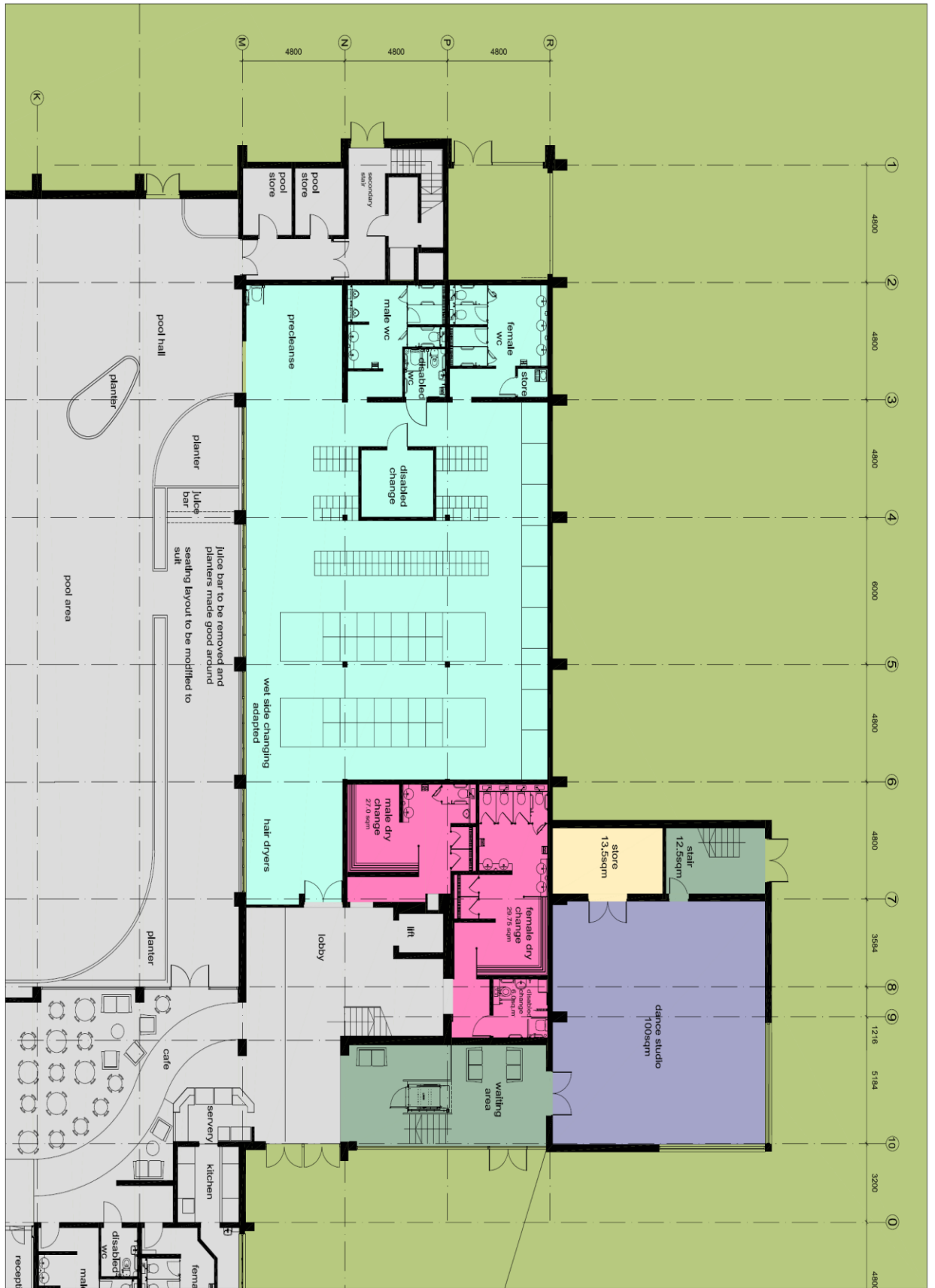
Title	Location
(a) Appendix 1 - Kingfisher Leisure Centre proposed plans (b) Appendix 2 – Hadleigh Pool proposed plans	Attached

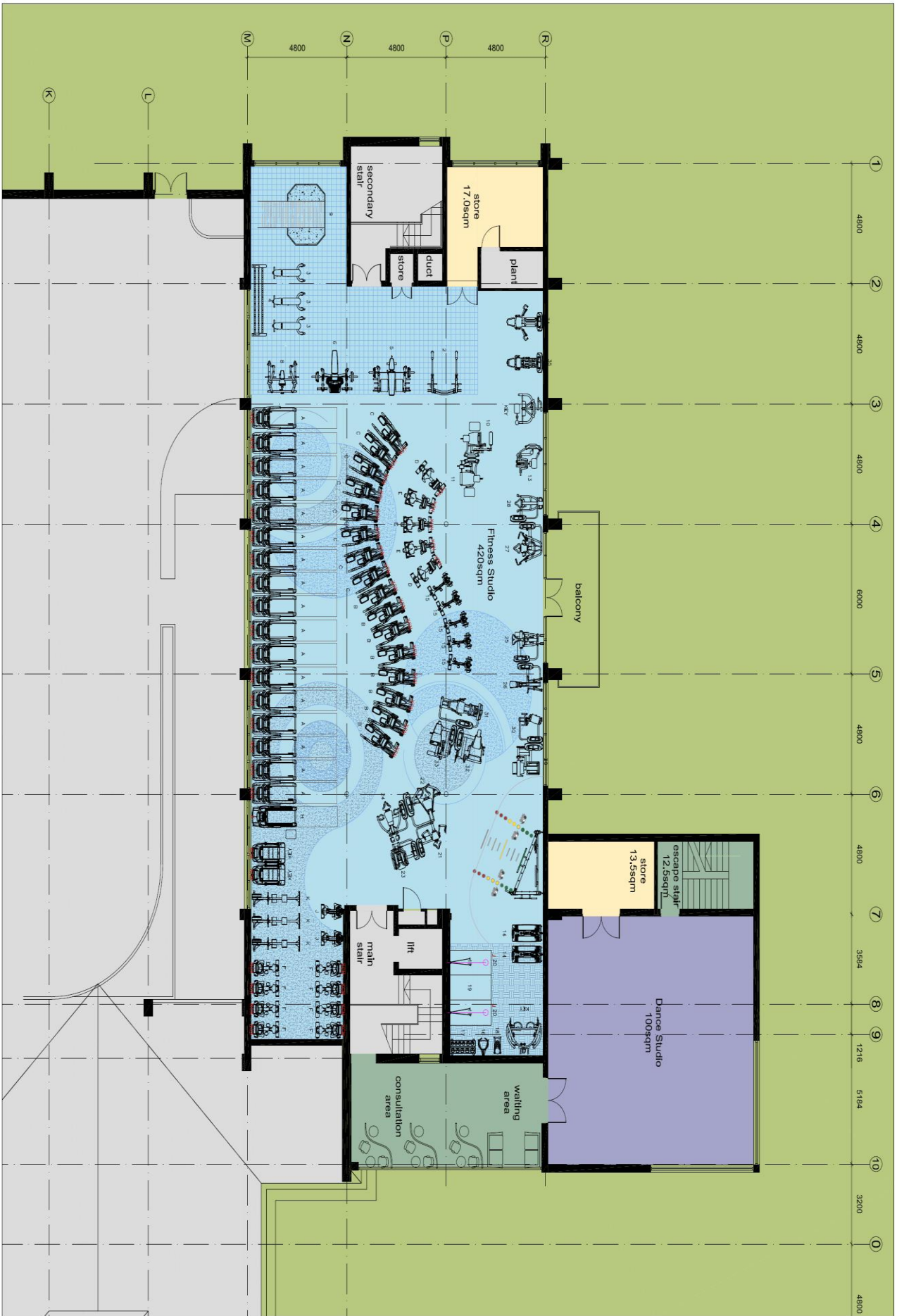
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Appendix 1 – Plans for Kingfisher Leisure Centre



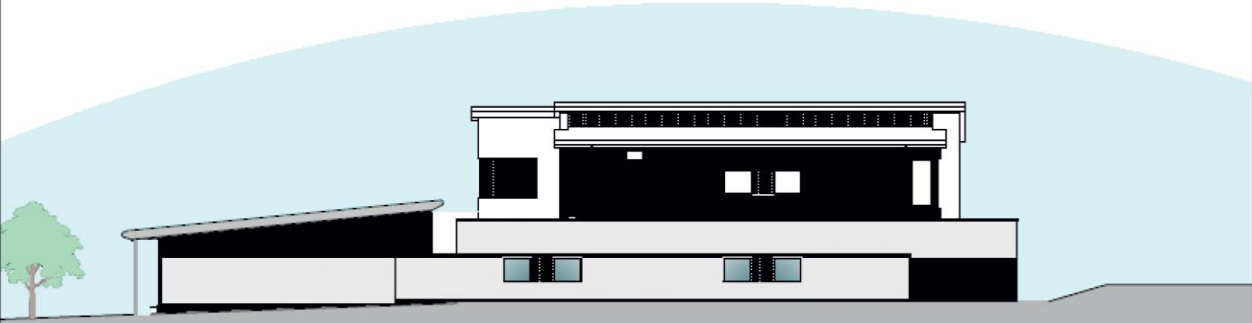


Appendix 2 - Hadleigh Pool elevations and plans

**Investment  
£2,160,000**



SOUTH EAST SECTION



SOUTH EAST

