

MID SUFFOLK DISTRICT COUNCIL

TO: MSDC Cabinet	REPORT NUMBER: MCa/19/50
FROM: Cllr Julie Flatman MSDC Cabinet Member Communities	DATE OF MEETING: 10 February 2019
OFFICER: Cassandra Clements, Assistant Director- Environment & Commercial Partnerships	KEY DECISION REF NO. Item No.

LEISURE INVESTMENT PROPOSALS - MID SUFFOLK LEISURE CENTRES

1. PURPOSE OF REPORT

- 1.1 To outline the development and refurbishment schemes to be undertaken at the Mid Suffolk Leisure Centres (MSLC) as part of the letting of the leisure facilities in Mid Suffolk.
- 1.2 To seek Cabinet approval to funding the schemes, utilising approx. £2.2M of capital funds from Growth and Efficiency Fund, supplemented as required by existing leisure facility capital funding.
- 1.3 To seek delegated authority to the Assistant Director – Environmental and Commercial Partnerships in consultation with the Cabinet Member for Communities, to undertake a process to achieve the most economically advantageous costs to enable the works to be undertaken.

2. OPTIONS CONSIDERED

- 2.1 The development and refurbishment schemes have been proposed by Everyone Active, as part of the new lease agreement for leisure facilities in Mid Suffolk. The main proposal is to extend the existing fitness facility at MSLC together with a refurbishment proposal for the centre overall (approx. £2m).
- 2.2 The fitness proposal reflects one of the four options considered within the Leisure Facilities Strategy June 2017. This option is considered to be the priority in regard to the Council receiving the best outcomes for customers, both in terms of service provision and financial savings ie. reduced annual management fees currently payable to Everyone Active under the existing contractual arrangements.

3. RECOMMENDATIONS

- 3.1 That Cabinet approves use of £2.2m from the Growth and Efficiency Fund. Together with £200,000 from existing leisure facility capital funds to undertake the proposed development and refurbishment works.
- 3.2 To delegate to the Assistant Director – Environmental and Commercial Partnerships in consultation with the Cabinet Member for Communities, to undertake a process to

achieve the most economically advantageous costs to enable the works to be undertaken.

- 3.3 Recommendation to Council on the 27th February that the 2020/21 Capital Programme and the Joint Capital, Investment and Treasury Management Strategies 2020/21 be updated to reflect the financial implications set out in this report.

REASON FOR DECISION

To meet the outcomes of the adopted Leisure, Sport and Physical Activity Strategy.

4. KEY INFORMATION

- 4.1 The Council's leisure facility management service provider, Everyone Active, is currently contracted to manage the MSLC in Stowmarket and the Stradbroke Swimming Pool and Fitness Centre (SSFC). Their contract is due to expire on 30 September 2020. During the summer 2019 an Officer and Councillor Panel undertook work to determine a potential capital programme for MSLC, together with the ability to introduce a new outreach programme that meets the required outcomes of the joint Council's Leisure, Sport and Physical Activity Strategy, adopted by the Council's in 2017.
- 4.2 The Council are currently reviewing the potential of Everyone Active taking on a new lease from October 2020, based on their submitted and presented development and financial proposals. Abbeycroft Leisure, who is Babergh District Council's current leisure management partner, were also invited to participate in the process.
- 4.3 The proposed future leisure management arrangements would be on a landlord and tenant basis through issuing of a lease of the facilities, together with a management and funding agreement covering the service requirements, for a period of 15 years. If Cabinet approve the capital investment then the lease with Everyone Active will commence from 1 October 2020. Due diligence is ongoing and a proposed negotiated agreement is being written.
- 4.4 To achieve this new arrangement and for the Council to optimise the benefits from the improved financial offer, it is proposed to complete as much of the development and refurbishment works before October 2020. Officers have therefore entered into dialogue with Everyone Active to establish the feasibility and timeline of their proposed development / refurbishment options.
- 4.5 The equipment being replaced at Stowmarket will be transferred to Stradbroke. The Stradbroke equipment which is near end of life will be offered to a local partner.
- 4.6 These proposals have been subjected to a financial evaluation by Castons to ensure they reflect a competitive market rate. Everyone Active are undertaking feasibility work (at their own cost) in regard to the proposed fitness scheme at MSLC, with a view to submitting a planning application as soon as possible. Subject to planning approval the works would be undertaken early in 2020.
- 4.7 Further detailed work will also be undertaken prior to commissioning any works programmes. In regard to the MSLC project, this will require agreement to be reached with Suffolk County Council (SCC) Education Service (as landlords), Stowmarket High School and its governing Trust, as the consequential changes in the car parking

and traffic management at the front of the centre directly impacts on the school's current operation.

- 4.8 It should also be noted that there are separate discussions being held with Suffolk Football Association and Everyone Active with regard to a potential football facility being built at the leisure centre. This would also impact on future footprint, access and management of the leisure centre/school site overall.

5. LINKS TO JOINT CORPORATE PLAN

- 5.1 The provision of leisure facilities and services is a key contributor to the joint Councils' Leisure, Sport and Physical Activity Strategy ('LSPAS') which works within the core objectives of the Councils' new Corporate Plan and Wellbeing Priority.
- 5.2 The leisure facilities are an important part of the sports and leisure infrastructure within the district and ensuring their sustainability is one of the six key strategic objectives of the LSPAS.
- 5.3 The leisure management service and the delivery of the proposed development and refurbishment projects, will achieve an enhanced and extended service provision, significantly reduce the facility management revenue costs on a year on year basis and enable the Council to resource a new community outreach programme across the district.

6. FINANCIAL IMPLICATIONS

- 6.1 The financial information is commercially sensitive and will be in the confidential section of the agenda.

7. LEGAL IMPLICATIONS

- 7.1 Moving to a landlord/tenant arrangement requires significant legal work which is underway. A Letter of Intent has been issued to Everyone Active to give them comfort of the intention to move to a lease arrangement from 1 October 2020, subject to the due diligence and lease negotiations being successfully achieved.

8. RISK MANAGEMENT

- 8.1 Enabling the proposed development and refurbishment projects to be progressed ahead of 1 October 2020 requires the Council to assess the risk of not successfully reaching an agreement with Everyone Active. It is therefore important to establish at which point any works can be progressed and at whose risk.
- 8.2 Key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
Failure to develop/refurbish the facilities as proposed will result in the financial savings not being	Probable - 3	Bad - 3	Ensure the proposed projects are fit for purpose and funds made available.

achieved and no service improvement.			
Loss of memberships due to new gyms opening in the area.	Probable - 3	Bad – 2	The financial profile has taken this into account. Income back to the Council starts in year 6 to allow the business to tackle any issues within that initial period.

9. CONSULTATIONS

- 9.1 There are consultations underway with Officers, specialist consultants, Everyone Active, Stowmarket High School, and Suffolk County Council. There will also be public consultation associated with the planning application for the fitness extension.

10. EQUALITY ANALYSIS

- 10.1 There are no equality and diversity implications arising directly from this report as the proposals relate to existing facilities and services. It is expected that the future services provided, particularly with the inclusion of a wider community outreach service and linking to the LSPAS priority target groups, will reach further into communities who currently are under-represented in terms of participation in sports and physical activity.

Please find a link to the Leisure Services EQIA here:

11. ENVIRONMENTAL IMPLICATIONS

- 11.1 The report seeks approval for a construction project, therefore through the planning process, the necessary environment impact assessments will be undertaken. There will also be environmental improvements made as a consequence of the refurbishment projects, particularly in regard to mechanical and electrical services.
- 11.2 Upon completion, a new baseline will be recorded and monitored to ensure that the Council meets their commitment to become carbon neutral by 2030.

12. APPENDICES - NONE

13. BACKGROUND DOCUMENTS - NONE