

Council

Wednesday, 18th May, 2022, 5.00 pm

****please note the earlier start time****

Shield Room, Civic Centre, West Paddock, Leyland, PR25 1DH

Supplementary Agenda

I am now able to enclose, for consideration at the above meeting of the Council, the following information:

14 Leisure investment in South Ribble Leisure Centres

(Pages 71 - 78)

To receive and consider the report of the Director of Commercial.

Gary Hall
Chief Executive

Electronic agendas sent to Members of the Council

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| Report of | Meeting | Date |
|---|---------|---------------------------|
| Director of Commercial (Introduced by Cabinet Member (Finance, Property and Assets)) | Council | Wednesday, 18 May 2022 |

Leisure Investment at South Ribble Leisure Centres

| | |
|------------------------------|----|
| Is this report confidential? | No |
|------------------------------|----|

| | |
|-----------------------|----------------|
| Is this decision key? | Not applicable |
|-----------------------|----------------|

Purpose of the Report

1. The report makes investment proposals for work at the Council's leisure centres to compliment the decarbonisation work already agreed by the Council.
2. This report seeks approval for the funding to deliver the investment into the Council's existing leisure centres

Recommendations to Council

3. That Council approves the proposed scope of works identified for investment into the Council's leisure centres as set out below in paragraph 20, which will complement the decarbonisation work already approved and delegates further changes or additions to the scope to the relevant Executive Member.
4. That Council approves that a sum of £5,836,200 is reallocated from the £19m capital budget originally set aside for a new leisure centre to fund the proposed investments into the Council's leisure centres. This is in addition to the £775k already approved at April Council. The remaining c£12.4m will be removed from the capital programme.
5. That Council notes the proposed approach to procurement and that a report will come to June Cabinet seeking approval for the procurement strategy.

Reasons for recommendations

6. A Council decision is required to maximise the benefits of the previously agreed investment in decarbonisation works. This will secure the future of leisure provision at a local level in line with the Council's Leisure Local Strategy.
7. A Council decision is required to reallocate funding within the Council's Capital programme if the figure is more than £100,000. The Leisure Centres require a significant amount of

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investment to transform them into modern vibrant well used community hubs that meet the expectations of the communities they serve

Other options considered and rejected

8. For several years, South Ribble Borough Council had considered the building of a new leisure centre in the borough. At full Council on 20 April 2022, it was agreed those plans would not proceed. Instead, proposals are brought forward in this report to invest in the Council's existing leisure centres.

Executive summary

9. The report proposes an ambitious and exciting investment plan for the Council's leisure centres in South Ribble as part of its Leisure Local approach, which focuses on improving the ability of all local communities to access high quality local leisure facilities in their part of the borough.
10. The report outlines how the refurbishment project can be funded using existing resources already allocated for a new leisure centre.
11. The report outlines procurement principles. A recommendation on the procurement strategy will be taken to Cabinet in June.

Corporate priorities

12. The report relates to the following corporate priorities:

| | |
|--|---|
| An exemplary council | Thriving communities |
| A fair local economy that works for everyone | Good homes, green spaces, healthy places |

Background to the report

13. In 2018, a sum of £19m was approved in the capital programme for the construction of a new Leisure Centre.
14. A new Leisure Facilities strategy was adopted by the Council in 2020. The strategy set out a vision for the development of leisure facilities in the borough with particular reference to the concept of 'Leisure Local'. A key focus of this was to;
 - Develop pathways into a more active lifestyle and related activities working closely with local sports clubs, schools, and community groups contributing to the Council's objectives around, community wealth building, health and wellbeing and reducing health inequalities
 - Collaborate with partners to reach all communities to increase access into sport and physical activity through using leisure and community facilities alongside accessing our green links network, local parks and the natural environment.
 - To work locally in partnership with residents, community groups and education and schools to deliver new sessions, develop volunteers and enhance a broader local use of the facilities.
15. At full Council in April 2022, approval was given to a range of investments in leisure facilities that were in line with its Leisure Local strategy. The most significant of these

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was a £5.3m investment in decarbonisation (and associated) works at existing facilities, predominantly funded by an external grant. The Council also agreed that a new delivery approach should be considered in place of the new build option, and that a further report should come back to May Council outlining further transformational investment in the existing Leisure Estate.

Rationale for investment in existing estate

16. The proposed investment in this report is based on the Council's aspirations outlined in the Leisure Facilities Strategy and its Leisure Local Approach. The proposed investment will:

- Build upon the agreed decarbonisation investment and contribute to the Council's commitment to addressing climate change.
- Update and modernise existing facilities, significantly extending their lifespan.
- Be delivered at a significantly lower price than a new build option.
- Deliver quality, fit for purpose locally accessible facilities without the need reducing or removing local provision.
- Contribute to the Leisure Local agenda, helping to address health inequalities by providing improved facilities at a local level.
- Respond to customer feedback, improve customer experience, help drive usage, membership and revenues
- Reduce annual maintenance spend.

Proposed works

17. The overall proposed programme of works has been developed in the context of:

- Aged and failing window units that are life expired at over 25 years old.
- Poor thermal efficiency and appearance of the external envelope of the leisure centres.
- Feedback and consultation with users and staff demonstrate concerns about the ongoing deterioration of changing and poolside facilities.
- Unattractive, unwelcoming and inefficient entrance and reception facilities
- Aged dry side areas that require modernisation and an improved offer in order to compete in the marketplace.
- Relatively low quality public realm and signage
- Historic small scale structural defects

18. Below is a table of proposed leisure centre improvement projects that are planned to be completed by the end of September 2023. Centres have been individually surveyed to establish the scope of works and ensure that no unnecessary works are delivered. A historic underinvestment in the centres results in there being duplication of works across the sites. The proposed works recognise the purpose each centre serves within its locality and the need for a uniform standard of quality and customer experience across the leisure estate. Detailed programmes will be pulled together working with the chosen contractors and agreed in conjunction with the Executive Member. Programming will seek to minimise the inevitable disruption to individual centres and seek to maintain pool provision within the Borough during the works.

19. Some indicative images are included at Appendix 1. It should be noted that these are for illustrative purposes only and detailed designs will be developed as part of the development process.

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20.

| Leyland Leisure Centre | Proposed Works |
|-------------------------------------|---|
| Poolside area | Poolside area -replacing of all tiling on pool side areas including the drainage channels of the pool itself plus complete redecoration of the area around the pool. The works are intended to improve safety, drive usage and revenue. |
| Wet-side changing areas | Complete refurbishment of wet side changing rooms including: showers, tiling, floors, cubicles, lockers and fittings plus redecoration through out |
| Dry side areas | The dry side facilities at the centre will be refurbished . There will be a particular focus on the improvements to flooring, décor and lighting to the gym, dance studio and sports hall and changing facilities. The works are intended to drive usage and revenue. |
| Reception area | Reception/Ground floor remodelling to open up the area introducing new reception desk, circulation space, new sit-down areas, activity spaces, and improved vending areas. The works will improve customer experience, ease access and increase vending revenues. |
| External cladding and windows | External cladding and window replacement scheme. The new cladding will incorporate better insulation and will change the external look of the centre completely. In selecting the final external treatment, consideration will be given to thermal efficiency, aesthetics and relevant safety regulation. The works will improve customer experience and perception and reduce energy consumption linked to the de-carbonisation works. |
| Public realm | External soft landscaping & public realm to improve the approach to the centre with new paving, landscaped areas and footpaths. External signage and branding will be renewed. The works will improve customer experience and perception. |
| Gym equipment | Replacement and upgrade of existing gym equipment at Leyland Leisure Centre as first phase. The works will improve customer experience and drive revenues. |
| Bamber Bridge Leisure Centre | Proposed works |
| Poolside area | Poolside area - replacing of all tiling on pool side areas including the drainage channels of the pool itself plus complete redecoration of the area around the pool. The works are intended to improve safety, drive usage and revenue. |
| Wet-side changing rooms | Complete refurbishment of wet side changing rooms including: showers, tiling, floors, cubicles, lockers and fittings plus redecoration through out |
| Dry side areas | The dry side facilities at the centre will be refurbished throughout. Works will include all changing facilities including flooring, décor, sanitary ware, shower units and lighting. The sports hall floor and squash court will be refurbished as will the gym and dance studio. The works are intended to improve customer experience and drive revenues. |
| Reception area | Reception/Ground Floor remodelling to open up the area introducing new reception desk and circulation space and an improved vending and seating area for customers. The works will improve working conditions, customer experience, ease access and increase vending revenues. |

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| | |
|-----------------------------------|---|
| External cladding and windows | External cladding and window replacement scheme. The new cladding will incorporate better insulation and will change the external look of the centre completely. In selecting the final external treatment, consideration will be given to thermal efficiency, aesthetics and relevant safety regulation. The works will improve customer experience and perception and reduce energy consumption linked to the de-carbonisation works. |
| Public Realm | External soft landscaping & public realm, this will improve the approach to the centre with new paving, landscaped areas and footpaths. This will be integrated with the new playing pitch hub facility at the site. The works will improve customer experience and perception and reduce energy consumption linked to the de-carbonisation works. |
| South Ribble Tennis Centre | Proposed Works |
| Reception area | Reception/Ground Floor remodelling to open up the area separating the café from the reception area and introducing new sit-down areas. The works will improve customer experience. |
| The Courtyard area | This underutilised area, will be covered to create a new flexible studio space. The new area can be used for group and individual exercise and will create a new revenue stream. |
| Tennis Courts | Refurbishment of tennis court surfaces. This will extend the life span of the centre and improve customer experience. It will improve our ability to host tournaments with a national and international profile. |
| Dry side area | The dry side facilities at the Centre will be refurbished throughout. Works will include flooring, décor, lighting, showers and sanitary ware. The works are intended to improve customer experience. |
| windows | Windows will be replaced to improve the thermal efficiency and appearance of the building. |
| Penwortham Leisure Centre | Proposed works |
| Poolside Area | Poolside area - replacing of all tiling on pool side areas including the drainage channels of the pool itself plus complete redecoration of the area around the pool. The works are intended to improve safety, drive usage and revenue. |
| Wet-side changing areas | Complete refurbishment of wet side changing rooms including: showers, tiling, floors, cubicles, lockers and fittings plus redecoration through out |
| Reception area | Reception/Ground Floor remodelling to open up the area introducing new reception desk, circulation space, and an improved vending area. The works will improve working conditions, customer experience, ease access and increase vending revenues. |
| Dry side areas | The dry side facilities at the Centre will be refurbished throughout. Works will include upgrade of changing facilities, the main gym, ladies gym, dance studio and squash court. |

Procurement

21. It is proposed that a separate detailed report will be brought to June Cabinet to seek agreement for the procurement strategy to deliver the works.
22. In terms of broad principles, it is recommended that we undertake an exercise to competitively tender the works for each leisure centre separately. This approach:

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- a. Reduces the risk of contractors overstressing themselves
- b. Encourages the opportunity for local and medium sized companies to tender for the work
- c. Helps ensure maximum local economic and Social Value
- d. Allows the client to work with contractors on the specific needs of individual centre

Financial Implications

23. The table below summarises the proposed movements in the capital budget and the funding implications.

| Description | Amount (£) |
|---|------------------|
| Budgets | |
| Existing capital budget available | 2,100,000 |
| Previous approved Transfer from new leisure centre budget | 775,000 |
| Budget increase required | 5,836,200 |
| Estimated Cost | 8,711,200 |
| | |
| Funding | |
| Repairs and Maintenance Reserve | 500,000 |
| Borrowing for existing budgets | 1,600,000 |
| Borrowing approved at April Council | 775,000 |
| Borrowing related to new leisure centre (to be transferred) | 5,836,200 |
| Total Funding | 8,711,200 |

24. The MRP and interest charge in respect of borrowing £6.6m (i.e. £775k plus £5.836m) is £325k per year. Existing revenue budgets are available to cover this cost from the leisure asset maintenance budget, approved by Council in February 2022.
25. If the decision had been made to build a new leisure facility, the estimated cost would have been much higher than the existing capital budget of £19m, as the cost of this was estimated to be approximately £30m (based on the mid-point of similar builds at other councils). All of this would have required borrowing to finance the scheme, resulting in MRP and interest costs of £1.478m per year. This is £1.153m more than the £325k figure associated with the proposed additional borrowing of £6.6m above.
26. Whilst the improvements will increase the value of the council's leisure assets, they will also improve the ability of the Leisure Company to generate income and reduce costs; as such the council would expect to see an improved investment return from the Leisure Company over the period of the MTFS.

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27. The revenue implications of closing centres while refurbishments are taking place are very difficult to forecast because income can vary quite substantially from month to month and, as the programme is still in the planning phase, there is not yet certainty about the sequence of closures or how long each closure would need to last. It is assumed that no more than one centre will be closed at one time and individual centre closures will be kept to a minimum and ideally less than a week. This will reduce the need to refund direct debits to members because a week (maximum) is considered reasonable and customers will be able to use other facilities during that time.
28. To give an indication of scale, the estimated loss of income per week and month for a full closure of each centre is as follows:

| Leisure Centre Site | Weekly £ | Monthly £ |
|---------------------------|----------|-----------|
| Bamber Bridge | 7,000 | 30,200 |
| Leyland | 13,400 | 58,000 |
| Penwortham | 5,600 | 24,400 |
| Tennis and Fitness Centre | 7,100 | 30,800 |

29. The work proposed will provide an additional lifespan of the leisure centres for 25 – 30 years. This is in line with the professional opinion of our in-house Leisure Building Surveyor and using the condition surveys that have taken place; this also coincides with the repayment of the associated borrowing for the work.

Climate change and air quality

30. The work noted in this report impacts on the following areas of climate change and sustainability targets of the Councils Green Agenda: net carbon zero by 2030, through complementing the Decarbonisation work which will reduce the Carbon footprint significantly at the Council's Leisure Centres

Equality and diversity

31. There will be a full EIA assessment carried out in conjunction with the programme of work which will demonstrate a positive effect on improving both Equality and Diversity within our Leisure Centres going forward

Risk

32. There will be a full Risk management strategy put in place for the programme of works

Comments of the Statutory Finance Officer

33. A total budget of £2.1m is included in the approved capital programme for 'leisure centre refurbishments'.
34. A further £19m budget was included for a 'new leisure centre' however a transfer of £775k from this was approved by Council in April 2022. An additional transfer of £5.8m from this budget is required to support the proposed works with the remaining £12.4m budget removed from the programme.

The existing capital budgets are funded mostly from borrowing, and a contribution of £500k from reserves. The additional borrowing costs of £325k per year will be funded by the

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leisure maintenance budget, which were reinstated as part of the approved budget report to Council in February 2022.

Comments of the Monitoring Officer

35. The purpose of the report is two-fold, to entrench the principle of investing in the existing leisure centre stock which was first approved through the agreement to the decarbonisation works and to fix a budget to support this decision.

36. The report properly identifies that greater detail in relation to the works contracts will be provided as part of the procurement strategy and subsequent procurement procedure approvals. As stated in the body of the report, this is properly an Executive Decision.

Background documents

Previous Cabinet and Council reports on the future of the Leisure Centres and the Decarbonisation work can be accessed through this link:

<https://southribble.moderngov.co.uk/ieSearchResults2.aspx?SS=%20Leisure%20Centres&DT=3&CI=134&ADV=1&CA=false&SB=true&CX=2664814&PG=1>

Appendices

There are no appendices to this report

| Report Author: | Email: | Telephone: | Date: |
|--|--|-----------------|-------------|
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