

North East Derbyshire District Council

Cabinet

16 January 2019

Sharley Park Leisure Centre Development

Report of Councillor G Baxter MBE, Leader of the Council and Portfolio Holder for Corporate Strategy and Transformation

This report is public

Purpose of the Report

To update to Cabinet on the proposed re-development of Sharley Park Leisure Centre

- i. To seek Cabinet approval to progress redevelopment (rather than refurbishment) of Sharley Park Leisure Centre and engage with partners to invest in and/or deliver services from the facility.
- ii. To seek Cabinet approval to commence the re-branding of the wider leisure facilities to maximise the impact of the new and refurbished facilities and introduce/revise concessions and offers including family memberships.
- iii. Invest £25k of 'invest to save' budget to develop further the concept, undertake surveys and further consultant work in order to develop a robust business case and secure investment from partners in relation to the redevelopment of Sharley Park.

1 Report Details

Background

- 1.1 At Cabinet in November 2015 it was agreed that officers develop detailed investment proposals for the 3 leisure facilities which were described at that meeting as '*Leisure Facilities Investment Options*'.
- 1.2 At Cabinet in June 2016 Members approved the Phase 1 '*Leisure Facilities Investment Programme*' which comprised of capital works of £1.752m at Dronfield and Eckington Leisure Facilities. The works involved major refurbishment and redesign of the facilities which would maximise the income potential and usage of the sites. This investment has made a significant positive impact on both Dronfield Sports Centre and Eckington Pool resulting in significant growth in memberships, doubling at Eckington, improved facilities for the community and an improved financial position with Dronfield close to delivering a small annual revenue surplus.
- 1.3 At the same Cabinet meeting it was also resolved;

'That officers continue with the broader strategy and work associated with the Council's built facilities, working with partners such as Sport England to develop

comprehensive facility development proposals for Members consideration for future facilities development, taking into account other findings and recommendations included as part of other strategic documents, including but not limited to existing previously adopted town centre regeneration and development frameworks’.

- 1.4 The built facilities document identifies that at present Sharley Park Leisure Centre is adequate in terms of quantity of provision, meeting the community needs today. However, in terms of quality and condition the current facility is very old and is in need of investment if NEDDC are to continue to provide the same provision in the future.
- 1.5 A recent asset condition survey has identified maintenance/refurbishment costs in the region of £0.32m over the next 1 to 5 years. A further increase in the region of £0.2m is also predicted should significant re-roofing works be required. This is considered highly likely given the age, type and predicted life expectancy of the existing flat roofing system. This capital investment would not enhance the offer to the community but merely ensure the facility is functional and fit for purpose.
- 1.6 The building is also poorly insulated and far from energy efficient with little or no heat recovery from the centres air handling system. Major refurbishment work would have to consider these elements and possibly other consequential improvements in order to provide a long term sustainable solution.

Progress to Date

- 1.7 In early 2018, NEDDC commissioned ‘Strategic Leisure Ltd’ to review the leisure needs and aspirations of the community that Sharley Park serves and report recommendations regarding the future of the facility. The key objectives of the study were to:
 - To provide insight on the requirements of existing users, non-members and the inactive;
 - To identify the target groups and the key issues and challenges that stop people being active;
 - To produce a plan using a behavioural change approach that will ensure that NEDDC can explore ways of getting the currently inactive to be active at the new facility;
 - To identify any co-location opportunities;
 - To identify any non-sporting activities that could be accommodated at the new facility so that it becomes a community hub;
 - To indicate what the facility mix will be and what activities are required to meet community needs and create a place where families can be active together;
 - To provide insight on the catchment of the proposed facility and the number of potential users of the new facilities, particularly those activities that provide the most income e.g. health and fitness members;
 - An indication of how far residents are likely to be prepared to travel to use the facility;

- To explore the further provision of outreach work conducted amongst the community from the facility and the potential for partnerships in health provision.

1.8 An outcome of this work, outlined in the report 'Research For Sharley Park Leisure Centre Refurbishment / Re-Development' October 2018, is the recommendation that a new build facility should be the preferred options as follows:

“Given the nature of the identified improvements, and critically their extent, a new build facility is likely to be a better option, and less costly in the long term. A refurbishment of Sharley Park Leisure Centre is likely to impact on continuity of use, and will result in an investment compromise. The design and layout of the existing building is not modern; a refurbishment will impact on the design and layout of new facilities, and their ability to be most energy and operationally efficient. A refurbishment would also mean that re-orientating the existing facility and improving the access and parking arrangements may not be possible to address as well as could be achieved through a new build.

Considering a new build option for the leisure centre does mean there is an opportunity to look at alternative locations, both on the existing site and in Clay Cross itself.”

With this in mind, it is proposed not to pursue any further the option of refurbishment and focus efforts on delivering a new flagship leisure facility in Clay Cross.

1.9 Other key findings from the Strategic Leisure Ltd study are:

(a) The minimum facility mix to be developed is:

Proposed Future Facility Mix		
4 badminton court sports hall	2 studios	Soft Play
6 lane x 25m pool	2 treatment rooms	Kids' Gym
Learner pool with moveable floor	Café (20-30 covers)	Floodlit MUGA
120 station fitness suite	Social Areas	Outdoor play equipment
Improved toilets, changing rooms and reception		

Potential additional facilities for inclusion should be a spa, climbing wall, and facilities for teenagers, particularly to target antisocial behaviour in the immediate locality.

(b) NEDDC work with identified strategic and other potential partners to deliver the following range of services/programmes and initiatives in the new Sharley Park Leisure Centre, such as:

Identified Priorities For Services/Programmes/Initiatives	
Community information point	Provision for teenagers
Health checks	Learn something new groups
Sports physiotherapy clinic	Pilates
Sports injury clinic	Start and finish for walking groups
Weight management	Start and finish for bike/cycle rides
Smoking cessation (least favoured)	Crèche

Dialogue should be maintained with strategic partners as the Sharley Park Leisure Centre project progresses.

- (c) Further feasibility work is undertaken to determine the optimum location on site, to better locate indoor and outdoor provision, plus access, the facility main entrance and car parking. Outline designs and plans should be developed to inform capital costs.
- (d) NEDDC consider establishing a consultative group to continue engagement with users and non-members as the Sharley Park Leisure Centre project progresses and support existing inactive people into participation as new facilities are provided.
- (e) NEDDC consider a review of existing membership offers to develop specific options for families and young people, to encourage participation in physical activity.
- (f) NEDDC engage in early discussions with potential external funders to identify possible levels of support, timescales and the relevant processes required; these should be factored into the next steps of the Sharley Park Leisure Centre project.

1.10 Work is already underway to implement the above recommendations and in recent weeks Officers have:

- (a) Commissioned architectural consultancy work to provide a feasibility study to determine options for the development. A summary of the study is provided in **Appendix 1**.
- (b) Worked alongside the Clay Cross OPE group to review the Sharley Park redevelopment with the OPE aims and partners
- (c) Held a series of meetings with partners to discuss potential investment and colocation in the facility, a summary of which is as follows:
 - i) Sport England – Officers met with Sport England on the 2 November to discuss the outcome of the Strategic Leisure Ltd study, the public consultation and the overarching vision for the development. At the meeting it was indicated that the development initially appears to fit with Sport England’s Strategic Investment Fund and that the concept in terms of facility mix and partner co-location is of interest. Sport England have requested further work on ‘Strategic Outcomes Model’ for the development to ‘tell the story’ between community need, existing policy framework and what the new development will achieve, in terms of using a new facility to break down the barriers to those not undertaking any physical activity and encouraging increased physical activity in the District. Sport England have committed their own resource to sit on the projects steering group.

- ii) Hardwick CCG – On the 16 November Officers met with the CCG regarding delivery and signposting of health provision from the new development to create a community health hub. Initial discussions were positive especially in supporting key priority areas such as frailty and social isolation. Further contacts were provided for support agencies/support such as Dementia Care, Talking Mental Health, Age UK, Mindfulness Support, GP Care Coordinators, etc.
- iii) Derbyshire County Football Association (FA) – Officers met with representatives from Derbyshire FA and Football Foundation on the 26 November to review their investment priorities for the district with a focus on improvements to existing pitches/facilities. Derbyshire FA and Football Foundation were very interested in the concept for the redevelopment of Sharley Park and suggested that it would be an ideal location for a full size 3G facility, subject to further demand studies. Like Sport England, Derbyshire FA have committed their own resource to sit on the projects steering group.
- iv) British Cycling – Officers met with British Cycling on the 27 November to discuss their new funding programme ‘Places to Ride’ and the ambition for enhanced outdoor facilities at Sharley Park. Following a site visit and understanding the concept for the facility, like Sport England, British Cycling have committed their own resource to sit on the projects steering group.
- v) Active Derbyshire – On the 30 November at Coney Green, Active Derbyshire and NEDDC Officers delivered a ‘Behaviour Change’ workshop to further review the data and needs around inactivity in Clay Cross and develop an action plan to inform the Sharley Park development, facility mix, activity programming and marketing to ensure that maximum positive impact in the community to address inactivity. Active Derbyshire have committed to providing ongoing resource to the project, including funding, in order to deliver a flagship development for the region.
- vi) Citizens Advice Bureau (CAB) – Following a recent presentation at the Health and Well-being Board, CAB stated their interest in a long-term relocation into the new facility providing a base for their back office operations and provide a walk in and appointments service for the community including support on matters such as Universal Credit, housing issues, budgeting and debt advice, etc.
- vii) Clay Cross Library – Officers have been working with DCC on the Clay Cross OPE project and an aspiration of the project is to relocate the library into the town centre. Officers met senior colleagues at DCC on the 20 December to discuss the potential of collocating the library and leisure facility. The concept was well received by Officers and further discussions will take place regarding the potential collocation. It should be noted that the Clay Cross Regeneration Frameworks have had a long-term aspiration to

re-locate the library to the traditional 'heart' of the town, just south of the Iceland store. Collocating the library on the Sharley Park site does conflict with this aspiration. It is proposed that public consultation on the option to collocate with the library is undertaken as part of the OPE process.

- 1.11 Following all of the work to date and consultation with various key partners, the concept for the new Sharley Park development is:

A flagship community health facility, which is a social hub for the town, promoting and improving active lifestyles in the area, linking to and enhancing outdoor recreation (formal and informal) and helping to promote and remove access barriers to partner services.

- 1.12 The facility will have significant regeneration benefits for the town, adding an additional 120,000 in annual footfall in to the town centre, improving the public realm links between Sharley Park and the town centre, and improving a gateway to the town centre.

Funding and Financial Viability

- 1.13 The Strategic Leisure Ltd work provided a financial overview of the proposed development both in terms of capital and revenue. It should be noted whilst the figures presented are based upon significant industry knowledge and informed by discussions with professionals in the sector, at this stage they can only ever be indicative and more financial certainty will come as the development progresses from a concept to a design.
- 1.14 Capital Forecast - The capital cost for the proposed facility mix needs to be determined through further detailed site survey work and initial design. However, at this stage it is estimated that the cost would be circa £8m. Adding facilities such as a kids' gym, space for partner organisations, climbing wall and outdoor facilities would increase this.
- 1.15 Revenue Forecast - Indicative revenue figures illustrate that the proposed facility mix could operate viably; whilst capital costs are only indicative, they are realistic at this stage. Opportunities to attract external capital funding would further assist in a financially viable facility, long term. Based on consultation feedback, there may also be opportunities for revenue funding, attached to specific initiatives and leasing floor space to partners.
- 1.16 Strategic Leisure Ltd forecast a small annual revenue surplus of between £60k and £70k. This forecast does not consider how the development is financed which will impact on the forecast revenue position.
- 1.17 The investment would reduce the pressure on the Capital Programme in the short to medium term as the capital upgrade works required on a new development will be negligible in comparison to the current Sharley Park facility.

Capital cost and financing of a re-build on the existing site

- 1.18 Although fully costed and priced plans are not in existence at this stage for the re-development at Sharley Park, given what is understood with regard to the Council's business objectives, current market prices, expert advice received, recent works undertaken and a broad idea of the facility mix required, we are able to approximate the capital investment required.
- 1.19 Notwithstanding any potential 'external' funding or opportunities identified through the *One Public Estate* being secured at this stage, the following provides indicative revenue forecast for consideration:-
- 1.20 If the Council were to utilise capital receipts to fund the development, secure external funding of £2m and borrow £2m in order to pursue the scheme, after accounting for the cost of that borrowing the Council will save **£255,600 p.a.** based upon the calculation below:

Average annual surplus = £60,000 (Figure based upon paragraph 1.16)

Subtract borrowing costs (£2m): £60,000 - £104,400* = £44,400 net Subsidy

Existing subsidy (£300,000) – Forecast subsidy (44,400) = £255,600 pa saving.

**It should be noted that the cost of borrowing is subject to change and this figure should be considered indicative. The actual costs will form part of the business case to be considered in a future Cabinet report.*

Concessions and family memberships

- 1.21 As outlined in paragraph 1.9(e), Strategic Leisure Ltd recommend that NEDDC consider the introduction of a 'family membership' in order to encourage participation in physical activity, particularly targeting the young. In addition, changes to the benefits system by way of the introduction of Universal Credit has created complexity in determining individuals who should benefit from concessionary memberships/activities. To address this and maximise on the development of a 'flagship' leisure facility, it is proposed that a full branding, marketing and pricing review is undertaken during 2019, ready for implementation in January 2020 which is anticipated to be 6 months prior to the new Sharley Park opening, should the scheme progress.

2 Conclusions and Reasons for Recommendation

- 2.1 To continue with the Leisure Facilities Investment Programme in order to reduce the operating costs of the Council's leisure facilities, the recommendations in this report take the Council one step closer to delivering a multi-million pound, flagship community facility in Clay Cross Town Centre.
- 2.2 In addition to the sports facilities, the vision for the development is to be a true community, public sector hub where residents can improve their health and wellbeing in a welcoming and modern facility.

3 Consultation and Equality Impact

- 3.1 Significant consultation has been undertaken with the community and partner organisations which is outlined in the report. The next stage is to use the consultation feedback to develop a flagship facility for the area which satisfies the needs of all stakeholders.

4 Alternative Options and Reasons for Rejection

- 4.1 Do nothing – Continue to invest capital and maintain the existing facility. As outlined in the report, this would be at a significant capital cost with little or no improvement to the facility, merely prolonging the life of the building.
- 4.2 Full refurbishment – This was considered by Strategic Leisure Ltd in their feasibility work and ruled out. Details of the reasons for this are given in the body of the report.

5 Implications

5.1 Finance and Risk Implications

- 5.1.1 At this stage, all the financial figures and forecasts are based upon professional advice and industry knowledge to inform the decision making process. As with all projects of this type, these figures are subject to change as the scheme develops and through external factors such as the cost of borrowing.
- 5.1.2 Following further design work, engagement with statutory authorities and partners, a further report detailing a full business case, supporting the investment, will be considered by Cabinet.

5.2 Legal Implications including Data Protection

- 5.2.1 No direct legal or data protection issues arising from the decisions in this report.

5.3 Human Resources Implications

- 5.3.1 Whilst a new Sharley Park facility may have HR issues, particularly relating to staff at Sharley Park, these will be considered as part of the full business case in a future report.

6 Recommendations

That Cabinet:

- 6.1 acknowledge the work to date and support the proposed multi million pound investment in Sharley Park Leisure Centre, subject to a full and viable business case.
- 6.2 agree to progress the redevelopment of Sharley Park Leisure Centre, rather than refurbishment, and support the engagement with partners to invest in and/or deliver services from the facility.

- 6.3 agree to commence the re-branding of the wider leisure facilities to maximise the impact of the new and previously refurbished facilities and introduce/revise concessions and offers including family memberships.
- 6.4 agree to invest £25k from the 'Invest To Save' reserve to develop further the concept, undertake surveys and further consultant work in order to develop a robust business case and secure investment from partners.

7 Decision Information

<p>Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: <i>BDC: Revenue - £75,000</i> <input type="checkbox"/> <i>Capital - £150,000</i> <input type="checkbox"/> <i>NEDDC: Revenue - £100,000</i> <input type="checkbox"/> <i>Capital - £250,000</i> <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i></p>	No
<p>Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)</p>	No
<p>Has the relevant Portfolio Holder been informed</p>	Yes
<p>District Wards Affected</p>	Clay Cross Wards
<p>Links to Corporate Plan priorities or Policy Framework</p>	All

8 Document Information

Appendix No	Title
1	Architectural concept of the scheme
<p>Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)</p>	
<p>Report Author</p>	
<p>Contact Number</p>	
Joint Head of Service – Partnership and Transformation	2210

Appendix 1 - Architectural concept of the scheme





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