

CABINET

9 September 2015

THE OVERVIEW AND SCRUTINY COMMITTEE

14 September 2015

OPTIONS FOR RIVER PARK LEISURE CENTRE

REPORT OF CORPORATE DIRECTOR

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RECENT REFERENCES:

CAB 2628 – RPLC – Options for Further Consideration - 3 December 2014

EXECUTIVE SUMMARY:

The report seeks approval from Cabinet for a consultation process to be undertaken to inform a decision as to whether to provide a replacement for the River Park Leisure Centre at Bar End or to refurbish the existing facility to extend its life by up to 15 years. These are the options which are considered to be feasible in the light of the financial evaluation recently undertaken by RPT Consulting for the Council. The consultation will be informed by additional detailed financial planning and limited additional design work for which a budget provision is required.

RECOMMENDATIONS:

- 1 That a period of public consultation be undertaken to determine the public response to the options of either a replacement for River Park Leisure Centre at Bar End (Option 5) or the refurbishment of the existing facility to extend its lifespan.

- 2 That a supplementary estimate of £25,000 be approved for additional design and planning work in support of the consultation process.
- 3 That a direction under Contracts procedure Rule 2.4 (b) be made and delegated authority given to the Assistant Director (Policy and Planning) to authorise the entering into of a further contract with Roberts Limbrick Architects for the production of a more detailed study of the Option 5 layout and design.
- 4 That a further report be made to Cabinet by January 2016 so it can make recommendations to Council to seek approval for a final choice of option.
- 5 That the Head of Estates be authorised to prepare proposals for the redevelopment of the former Bar End Depot site which retain the possibility of providing vehicular and pedestrian access to the land at the rear.

To The Overview and Scrutiny Committee:

That The Overview and Scrutiny Committee raises with the Portfolio Holder any issues arising from its consideration of the Report and whether any items of significance should be drawn to the attention of Cabinet or Council.

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### OPTIONS FOR RIVER PARK LEISURE CENTRE

### REPORT OF CORPORATE DIRECTOR

#### DETAIL:

#### 1 Introduction

- 1.1 At its meeting on the 3 December 2014 Cabinet received a report which considered the cost and practicality of a number of options for the refurbishment or replacement of the River Park Leisure Centre. These had been evaluated by Roberts Limbrick Architects and MACE and their reports were attached to the report (and are available publicly from the Council's website).
- 1.2 Having considered that report Cabinet asked for a detailed financial appraisal of providing a new facility at Bar End, of rebuilding on the existing footprint of the built leisure facilities at River Park, or of refurbishing the existing building to extend its life for a period.
- 1.3 Cabinet set aside the option of building on green field land at North Walls (which was the subject of a major campaign to prevent its further consideration) or of building on the site of the leisure centre alone (which would be practically impossible without closing the building completely for two or more years). These options have not been considered further.
- 1.4 After a competitive tendering process RPT Consulting were appointed to undertake the financial evaluation of the options. The consultant's team worked closely with City Council Finance officers to ensure that the basis on which they reached their conclusions was a series of shared assumptions and principles.
- 1.5 The purpose of the consultants work was to test how the capital cost of a new facility or of refurbishment could be expected to translate into a revenue cost based on the best available information regarding projected income and expenditure.
- 1.6 The consultants brief also required the examination of possible sources of external funding and how these might impact on the revenue cost of new facilities. Their report incorporates detailed information on external funding

and because the Council does not have agreement from the third parties concerned to release any information about their financial position, the RPT report must remain confidential for the time being. It will be released as soon as the position on external funding has been clarified. However the general findings can be disclosed and are used as the basis for this report.

1.7 RPT Consulting looked at five options:

- a) Option 1 – the minimum realistic repair and maintenance expenditure on the existing RPLC facility which would achieve no significant improvements but extend life by up to 10 years;
- b) Option 2 – a more extensive upgrade of the existing RPLC facility which would improve some facilities and give a life expectancy of up to 15 years;
- c) Option 3 – a rebuild on the site of the existing RPLC building, indoor bowls hall and skateboard area;
- d) Option 4 – new build at the Bar End site on the ‘front site’ i.e. existing depot and some land currently owned by Tesco;
- e) Option 5 – new building at the Bar End site on the ‘back site’ i.e. area currently occupied by the play area, artificial turf pitch, land owned by Hampshire County Council and a small part of the Council’s King George V playing field and utilising an access through the existing depot site.

1.8 In the case of options 3, 4, and 5 the evaluation included both the 25m and 50m pool option and the option for 8 or 12 court sports hall.

1.9 For each option RPT used the capital cost estimated in the Roberts Limbrick/MACE reports as their starting point for the amount of capital expenditure required. Officers provided some additional information regarding the estimated extra costs that would be arise from each option in relation to land acquisition or opportunity costs and these were taken into account by RPT. They are not, however, definitive figures.

1.10 The consultants then tested how much annual income and expenditure an efficient operator could be expected to budget for in managing the ‘post capital expenditure’ facilities. Where there is estimated to be a surplus of income over expenditure (after allowance for overheads and maintenance) the remaining annual sum is available to meet the borrowing costs associated with a new facility. This effectively calculates the maximum size of the loan which the Council could afford to take out for capital costs, based on repayments funded from the operation of the facility. Any higher capital cost than this would have to be met either from bringing external funding into the project (which itself must be free of repayment costs) or by reducing expenditure elsewhere in the Council’s budget to meet the costs incurred.

- 1.11 Having made a number of other calculations to ensure that comparisons are made at current values, the consultant's conclusions are that Option 2 and Option 5 were the two which offered the best value for money. Option 4 would have similar profile to Option 5 for the facility itself, but the use of more of the existing depot land and the need to acquire land from Tesco would add to the cost substantially and was significantly less affordable. The latest correspondence with Tesco indicates that they do indeed have expectations of land value that would be difficult to accommodate.
- 1.12 As a new facility Option 5 would benefit from significantly increased income generation and (relatively speaking) lower operating costs than the existing centre. Although the Bar End location would be less accessible on foot and by public transport for some existing users this is likely to be offset by ease of access from the local road network and will make it more accessible for others.
- 1.13 However, even allowing for this, Option 5 (using land on the 'back site' at Bar End) requires funding from third parties if it is to be affordable. The level of that funding is considered achievable but it cannot be confirmed at this stage.
- 1.14 Pursuing Option 2 of an extensive refurbishment of the existing facility would be a reasonable decision on financial grounds as there would be some return on the investment made over the extended life of the centre. However, unless the Council accepted that it was unlikely to ever replace the building, Option 2 would still represent only a deferral of a decision about a new centre, albeit putting off the decision for some years. The additional facilities which might be provided by Option 2 would not include an enlarged main pool or sports hall.
- 1.15 The consultant's recommendation is that Option 2 and Option 5 be considered further. Officers' consider that this is a reasonable conclusion and high level figures to support this conclusion are included in the Financial Implications section of the report.
- 1.16 The cumulative outcome of the three reports which the Council has now commissioned, and the public response to them, is that the only local location at which a new facility could be provided is at Bar End, on the land at the back of the site, and with a significant but feasible level of external funding. There is no viable option for a new facility at North Walls, given the decision to exclude building on green field land because of public opposition, although refurbishment of the existing centre remains an option which could be pursued.
- 1.17 The relocation of a major community facility has significant implications, both for the area to which it might relocate and for the community from which it will leave. There, will no doubt, be strongly held views regarding the impact that this will have and the measures that need to be taken in order to achieve a successful outcome.

- 1.18 It is, therefore, suggested that a period of consultation now takes place, presenting the two options for public comment, prior to a further report to Cabinet either just before or after Christmas, at which a final decision on how to proceed can be taken.
- 1.19 This will also allow time for the position of other potential funders to be made clear and incorporated into the consultation process.
- 1.20 In order to present more information as part of the consultation process and develop the concept of a new facility at Bar End further it suggested that Roberts Limbrick architects who have previously advised the Council on building options should be appointed to provide a more detailed study of the Option 5 layout and design. They are best placed to undertake this work as they have detailed knowledge of the site and are set up to make an early start on this work. Cabinet are therefore asked to make a direction under Contracts procedure Rule 2.4 (b) to authorise the entering into of a further contract with Roberts Limbrick for that purpose. The total fees paid to Roberts Limbrick to date are less than £20,000.
- 1.21 The decision regarding the future of the leisure centre in Winchester is one which has highly significant financial and community implications. It is therefore right that it should proceed with care and with public participation. However, a decision on a preferred option must be taken soon as the condition of the existing building is not improving with time. In any event further maintenance work will need to be undertaken in the interim to enable RPLC to still be available for public use.
- 1.22 A new centre would require further work on the procurement issues for construction and management, funding agreements, and land matters. Future reports would address these issues in more detail.
- 1.23 On the next occasion a report is presented, it is intended that this should present the detailed business case for a recommended option. If this is for the provision of a new facility then this can be expected to take between two and three years to plan and deliver at least.
- 1.24 Having concluded that it is not viable to build a replacement Leisure Centre on the site of the former Bar End Depot, it is recommended that the Head of Estates be authorised to prepare proposals for consideration by Cabinet, for the redevelopment of the site which maintain the possibility of providing an access to the land at the rear.

#### OTHER CONSIDERATIONS:

##### 2 COMMUNITY STRATEGY AND PORTFOLIO PLANS (RELEVANCE TO):

- 2.1 The Council has previously determined that it does consider the provision of a major public leisure facility in Winchester to be a priority in the interests of public health and well being.

### 3 RESOURCE IMPLICATIONS:

- 3.1 The resource implications for the provision of the new facility are of high significance since the risk arising from either excess capital expenditure or a shortfall in annual income would have an effect on the provision of services in other areas. A detailed business case, including the impact of external funding will be required before a final decision is made on which option to pursue.
- 3.2 A budget of £25,000 is requested to meet the cost of more detailed consideration of the Bar End option prior to consultation and for the consultation process itself. A supplementary estimate will be required to cover the cost of external support for the further architectural work referred to in this report.

### 4 RISK MANAGEMENT ISSUES

- 4.1 At this stage the Council is making no commitment to a particular course of action and therefore risks directly associated with that forthcoming decision are minimal. However, the following risks should be noted in moving forward:
- a) A decision to move to Bar End and away from North Walls may be contested by those who do not agree with that proposition and seek to prevent a decision being made by some process or other;
  - b) The Council has not settled on the facility mix to be provided in any new facility and this may be a contested point with significant financial implications but this should be part of the consultation with users. The architects work will further inform this process. Option 5 the 50m pool looks achievable but with a larger sports hall as well there may be issues regarding land take.
  - c) There are a number of unresolved issues relating to land use and access at Bar End which could still provide obstacles to relocation. These include whether additional land adjacent to the Hampshire Cultural Trust premises will be available. The architectural work will help to determine this along with impacts on the KGV land.
  - d) There is no guarantee of external funding on acceptable terms at this stage and this may not be settled for some time. Lack of such funding would affect the viability of proceeding with a new build at Bar End.
  - e) The condition of the existing building will require attention even if it is decided to provide a replacement. Some expenditure on maintenance is likely to be required but cannot easily be planned until a decision is made on the building's future.
  - f) The Council's financial circumstances may change as a result of Government policy or some other event which would have an effect on the affordability of one or other the options.

BACKGROUND DOCUMENTS:

None

APPENDICES:

None