

REPORT TITLE: SOUTHERN PARISHES SPORTS FACILITIES

23 DECEMBER 2019

REPORT OF CABINET MEMBER: Councillor Malcolm Prince – Sport, Leisure and Communities

Contact Officer: Andy Hickman Tel No: 01962 848105 Email  
ahickman@winchester.gov.uk

WARD(S); WHITELEY, SWANMORE, WICKHAM

PURPOSE

To consider additional information in respect of the provision of a 4 court sports hall in the Southern Parishes and options for the future of Meadowside Leisure Centre in Whiteley. Whilst these are separate pieces of work they have been integrated into one report as they are interlinked.

RECOMMENDATIONS:

That Cabinet:

1. Authorise the Strategic Director – Place to enter into the procurement process and to seek and evaluate tenders for the Council to enter into a contract for the operation of Meadowside Leisure Centre and to report the results of the evaluation back to a future Cabinet.
2. Authorise the Strategic Director – Place to appoint The Sports Consultancy to support the procurement process and to utilise the remaining budget allocation approved in 2018 for this purpose.
3. Agree that discussions with Whiteley Town Council continue and that their occupation of the office space on the first floor of Meadowside Leisure Centre be considered and factored into the tendering specification.
4. Approve expenditure under the Asset Management Plan to maintain Meadowside Leisure Centre in line with the condition survey recommendations.

5. Approve a supplementary capital estimate and expenditure of £40,000, financed by the Property Reserve, to strengthen the upper floor of Meadowside Leisure Centre to provide greater flexibility in its use and its commercial value to a potential operator.
6. Agree that no further work is undertaken with respect to the provision of a four court hall in the southern parishes of the District.

## IMPLICATIONS:

### 1 COUNCIL STRATEGY OUTCOME

- 1.1 The provision of sports facilities supports priorities identified in the emerging Council Plan in relation to Living Well.

### 2 FINANCIAL IMPLICATIONS

- 2.1 All four options evaluated with respect to provision of a four court sports hall indicate a significant annual cost to the Council given the large capital investment required. The total net cost of the options to the Council, after borrowing costs, is stated to range from £130,000 per annum to over £465,000 per annum
- 2.2 With regards to the future of Meadowside Leisure Centre, the analysis in Exempt Appendix 3 shows that in financial terms, option B (the 15-year contract extension) and D (Closure of the site in 2021) came out the same overall. Option D leaves the District without a leisure facility which would have a negative impact on both the local population and the levels of sport and physical activity in Whiteley and the surrounding area.
- 2.3 The repair and maintenance work required at Meadowside Leisure Centre over the next 10 years would cost in the region of £204,000 to maintain the building to a good standard. This will be included in the Council's Asset Management Plan. See building condition survey – Appendix 2.
- 2.4 It should be noted that these figures do not include improvements to make the building more suitable for disabled access to meet current new build standards.
- 2.5 The upper floor of Meadowside Leisure Centre is also in need of strengthening to make it suitable for fitness classes to take place in the first floor rooms which would give more flexibility to use the ground floor space for other activities and functions. This is estimated to cost up to £40,000 and, if approved, will be funded by the Property Reserve.
- 2.6 The £31,000 remainder of the budget allocated to carry out the feasibility and options appraisal work to be utilised to support the procurement process.

### 3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 A number of options are considered for the future of Meadowside Leisure Centre. Legal advice moving forward is required in respect of the procurement process, TUPE and any sale or alternative disposal of the site such as a lease will require compliance with the appropriate legislation.
- 3.2 Disposals must be undertaken with transparency, fairness and probity required to fulfil the expectations and standards of the Council as a public

body. Additionally it is important to ensure that the Council receives the best consideration for disposal of assets thereby satisfying its obligation under Section 123 of the Local Government Act 1972 which states that disposal must be for best consideration reasonably obtainable unless the authority gets consent from the Secretary of State under s128(1) of the Act

- 3.3 Any procurement will be subject to Contract Procedure Rules and the Public Contracts Regulations 2015 (PCR2015).

#### 4 WORKFORCE IMPLICATIONS

- 4.1 If the operation of Meadowside Leisure Centre is put out to tender in 2021 then TUPE will apply to the staff currently employed at the centre.

#### 5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 A building survey report for Meadowside Leisure Centre was commissioned in September 2019 - see Appendix 2. The repairs identified were deemed typical for a building of this age and type. The maintenance repairs required include: double glazing in the sports hall, corrosion to the metal pitched roof, leaking gutters and downpipes and lack of accessibility to the changing rooms and toilets. It is recommended that this repair and maintenance work is carried out over the next 10 years at a cost in the region of £204,000.

- 5.2 The existing suspended timber first floor studio is not designed to take heavy load use. In order to improve the usability of the space to accommodate heavier loaded use, it is recommended that the floor be strengthened, which will require the first floor rooms to be out of use for a period of 6-8 weeks. The cost for this work is likely to be in the region of £40,000 including floor finishes. This work would allow the centre to operate more commercially and give much greater flexibility of use for the remainder of the building.

- 5.3 Whiteley Town Council occupies the office area on the first floor of the Meadowside Leisure Centre. Discussions are ongoing in relation a potential transfer of the building to the Town Council however some financial issues still need to be resolved if this were to be agreeable to both parties. This remains a possible future option if the proposed tendering exercise doesn't provide a positive outcome. The Town Council's use of the office space would be factored into a specification for the retendering.

#### 6 CONSULTATION AND COMMUNICATION

- 6.1 Consultation and engagement was required with the following organisations in order to produce the documents associated with this report: Whiteley Town Council, Places Leisure and other leisure operators, British Land, Hampshire County Council, Wickham Parish Council, the Diocese of Portsmouth and Swanmore College of Technology.

- 6.2 Existing users of Meadowside Leisure Centre are an important group of stakeholders who will need to be consulted on any agreed future changes.

- 6.3 The Health and Environment Policy Committee considered these matters on 9<sup>th</sup> October 2019. Matters raised have been carefully considered and are reflected in the updated assessment work for this report. Member questions and comments included the following:
- Modelling for 4 court halls in the district and connectivity between Whiteley and the other southern parishes - evidence provided in the Strategic Assessment of Sports Hall Provision. See Appendix 4
  - All practical options for a 4 court hall are listed in the report. No other viable alternatives have been submitted since this meeting.
  - Low carbon options have been a consideration but will be challenging to achieve in the existing building and will have significant financial implications in the provision of sport halls in general
  - Further discussions have taken place with Whiteley Town Council with regards to the possibility of them taking over the operation of the building
  - Access arrangements for the use of the new North Whiteley secondary school will be included in the Section 106 Community Use Agreement between the school and the Council when these facilities are planned to open in 2024.

## 7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 An allowance has been made to the capital build costs for potential new four court halls to allow for a sustainable building design. See Appendix 1.
- 7.2 Opportunities will be explored as part of the asset management work at Meadowside Leisure Centre to improve sustainability and carbon emissions from the building.

## 8 EQUALITY IMPACT ASSESSEMENT

- 8.1 Meadowside Leisure Centre has some access issues as the building does not fully comply with current new build accessibility requirements. There is a platform lift to the first floor and an accessible toilet on the first floor but not on the ground floor. The potential to improve access to these facilities is limited within the current building footprint.
- 8.2 The building would have met the regulations at the time of construction. Should significant alterations be carried out, the building will require improvements to meet the current regulations.

## 9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 None required.

10 RISK MANAGEMENT

10.1 Risks are set out below.

<b>Risk</b>	<b>Mitigation</b>	<b>Opportunities</b>
<p><i>Property –</i> Disabled Access does not meet new build requirements at MLC</p> <p>First Floor Structure – cost of repair</p> <p>Cost of repairs – Building Condition Survey</p>	<p>Develop and support the provision of community sport facilities at the new secondary school.</p> <p>Seek improvements at MLC as far as the building footprint allows. This would require supplementary funding</p> <p>Council's Asset Management Plan to make provision for required work</p>	<p>Facilities will be more accessible at the new school and the building will be fit for purpose</p> <p>The building becomes more attractive and viable for potential bidders for the management contract</p>
<p><i>Community Support</i> Local residents may be concerned if the leisure centre is closed</p>	<p>Develop and support the provision of community sport facilities at the new secondary school</p>	<p>Facilities will be more accessible at the new school and the building will be fit for purpose</p>
<p><i>Timescales</i> New Secondary school to open after 2024 depending on build rates</p>	<p>Keep Meadowside Leisure Centre operational until the new school is built and open</p>	<p>The community facilities at the new secondary school will be fully accessible</p>
<p><i>Project capacity</i> The procurement work required to support the tendering option recommended will be a challenge to deliver within current staff resources.</p>	<p>Commission The Sports Consultancy to provide the procurement support work required utilising the existing budget for this work.</p>	<p>The procurement process will be achievable within the appropriate timescales prior to the termination of the existing operator contract.</p>
<p><i>Financial / VfM –</i> Significant annual cost to the Council</p>	<p>Consider selling Meadowside Leisure Centre site and investing in other community facilities.</p> <p>Tender the management of the centre</p>	<p>Moderate investment by an operator in the centre to make it more commercially viable in the short to medium term</p> <p>Attract capital investment and a revenue payment to</p>

		the Council via a management contract
<i>Legal –</i>	These will be assessed carefully depending upon chosen option	
Leisure Centre Tender Process	The tendering option is relatively low risk for the Council	

### SUPPORTING INFORMATION:

#### COMMUNITY LEISURE FACILITY – (4 COURT SPORTS HALL) FEASIBILITY

##### Current Situation

- 11 Cabinet considered report CAB 3015 in January 2018 and approved the assessment work for consideration of the feasibility of building a leisure facility (4 court sports hall) in the south of the district.
- 11.1 Options to be explored included combining or adding to an existing facility or providing a new stand alone facility.
- 11.2 This work considers the best potential locations and appropriate type of facility. It includes a needs analysis and consideration of three sites with capital costs, revenue projections, affordability and management options. The full report is included at Appendix 1 and has taken into account comments made at the Health and Environment Policy Committee on 9 October 2019.

##### Summary of Options

- 11.3 The four options considered for a leisure facility with a 4 court hall are:
- A. Extension to Meadowside Leisure Centre at a cost of £2.8 million. This involves an extension to the existing centre to provide a new 4 court sports hall in addition to the existing 3 court hall. This option does not address the condition and operational issues with the existing building.
- B. New build leisure facility on the site of Meadowside Leisure Centre at a cost of £11.8 million. This would deliver a new dry side facility to replace Meadowside Leisure Centre on the current site. It includes the replacement of all the existing provision other than substituting the 3 court hall with a, Sport England compliant, four court hall.

- C. Extension to existing community leisure facilities at Swanmore College of Technology at a cost of £3.8 million. This would be a stand alone sports hall facility. It is the most remote site with some access issues.
- D. New facility at Mill Lane, Wickham, as part of the development of other sports facilities at a cost of £4.7 million. This would be a stand alone sports hall in a rural location with some access issues.
- 11.4 The revenue projections for each of these options have been calculated with only options A and D likely to deliver a small, positive management payment to the Council before the cost of borrowing to finance capital spend is taken into account.
- 11.5 Based on this evidence and in terms of affordability, none of the options deliver a positive outcome for the Council, largely due to the absence of any funding to offset the capital costs. None of the options will deliver a strong enough management fee return to the Council to meet the level of borrowing required for the builds. The annual average net cost to the Council ranges from £130,000 per annum to over £465,000 per annum.
- 11.6 The Council adopted a Sports Facilities Needs Assessment in 2018 which highlights the facility needs in the South of the District. This study included a strategic assessment of sports hall provision and identifies all of the halls within travelling distance of the Southern Parishes. There is an extensive supply of sports halls close to the Winchester District boundary in the surrounding districts of Havant, East Hampshire and Fareham. See Appendix 4.
- 11.7 The major development in North Whiteley includes a new secondary school planned to open circa 2024 which will have leisure facilities, including a 4 court sports hall and 2 full sized artificial turf pitches. The school is located 1.5km from Meadowside Leisure Centre. It should be noted that there is no guarantee that the School will be built by 2024 as this is only an anticipated opening date based on house build rates which are subject to market conditions.
- 11.8 The sports facilities at the secondary school will be available for community use as the operator of the school is required to enter into a Community Use Agreement with Winchester City Council as part of the Section 106 agreement for the North Whiteley Development. It is intended that the sports accommodation at this school will be in a separate building with its own entrance.
- 11.9 It should also be noted that the Wellborne Garden Village development will be located to the east of Whiteley and will border the parish of Wickham. The development is anticipated to commence in 2019/20 and will include a secondary school with a sports hall available for community use and a sports hub which will include a sports hall and 2 artificial turf pitches.

- 11.10 In line with the priority in the Sport Facilities Needs Assessment, the Council will consider supporting proposals for improved scale and quality of existing sports hall facilities in the district.

## OPTIONS FOR THE FUTURE OF MEADOWSIDE LEISURE CENTRE, WHITELEY

### Current Situation

- 11.11 Winchester City Council owns Meadowside Leisure Centre which opened in 2000 and has a 3 court sports hall, 37 station gym, studio, 2 small sided artificial turf pitches, changing facilities for the grass pitches and 45 parking spaces. It has 3 meeting rooms on the first floor and accommodates offices and a meeting space for Whiteley Town Council.
- 11.12 The centre currently has some issues with disabled access and the structural suitability of the first floor meeting rooms for fitness activities.
- 11.13 The centre usage is spread evenly across the age groups with 25 to 34 year old being slightly higher than others. There are also slightly more females using the centre than males.
- 11.14 The current operator contract to manage this facility will expire in December 2020.
- 11.15 British Land is proposing to build a new fitness gym in the proposed retail block in the shopping village. Forum Four are also proposing a gym with 60 stations at Solent Business Park within walking distance of Meadowside Leisure Centre. These planning application are yet to be determined.
- 11.16 There are also 11 existing fitness facilities within 15 minutes travelling time of Whiteley Town Centre as follows:
- Holly Hill Leisure Centre - 3.5 miles
  - Fareham Leisure Centre - 5.6 miles
  - Anytime fitness - 3.1 miles
  - Sports Direct Gym - 6.7 miles
  - Pure Gym - 3.7 miles
  - Skylark - 2.1 miles
  - Abshot - 4 miles
  - Atlas - 1.6 miles
  - Solent Hotel Gym - 0.9 miles
  - Fusion Fitness - 6.5 miles
  - Inspiring Fitness - 7.2 miles
  - Gym 141 - 4.6 miles
  - 24/7 Fitness - 7.1 miles
- 11.17 Whiteley Town Council is currently located in Meadowside Leisure Centre and has expressed an interest in taking over the building and/or its management

subject to terms and associated costs. Whiteley Town Council has a tenancy at will arrangement with Winchester City Council for the occupancy of their rooms. The Town Council supports the continued provision of leisure and community facilities in the current location. They believe that this accords with covenants which only permit leisure and community use on the site.

The leisure centre also houses the Town Council's offices and meeting rooms and these requirements are ongoing and will need to extend as North Whiteley progresses. The Town Council recognises that substantial investment is required to ensure the building remains fit for purpose. Should there be a risk it will close the Town Council would consider an option to take on the freehold and management of the building, preferably with a dowry and with no terms and conditions attached. Should the Town Council take on the building it would either self-manage or seek an agreement with a suitable operator to enable both its continued use as a community facility and the required phased investment in the improvements.

- 11.18 There are currently 19 employees at the centre which equates to 6.3 full time staff. The current operator contract will come to an end in December 2020 in line with the contract to manage River Park Leisure Centre.
- 11.19 Whiteley is growing due to the major housing development to the north of the town. This includes a secondary school which is anticipated to be opened in 2024 (depending on house build rates) which will have leisure facilities, including a 4 court sports hall and 2 full size artificial turf pitches available for community use.

### Summary of Options

#### **Option A**

- 11.20 Tender the management of this facility for a 5 year period (or until the new secondary school is opened) then consider the disposal of the site and reinvestment in community facilities:

##### Advantages of this approach

- It will be available until the new secondary school is opened in 2024
- No capital investment required
- Existing facilities remain for the Town Council and grass pitches
- WCC can consider disposal once the new school is open
- Future capital receipt to the Council
- No revenue outlay for WCC after 2025
- The soft market testing has indicated that 3 operators would be interested in this option

##### Disadvantages of this Approach

- The soft market testing has indicated that WCC may incur a management fee for the 5 year contract increasing pressure on the Council's budget
- There may be limited interest from operators

- Would still include the existing building with its access and structural issues.
- Repairs and maintenance costs of £43,000 required to keep the building going until 2025
- Loss of accommodation for Whiteley Town Council who would require another facility in the town centre and changing rooms for their grass pitches
- There will be some unmet demand for health and fitness facilities

### **Option B**

- 11.21 Tender the management of this facility for a 10 or 15 year period and include the option for the new operator to provide capital investment to enhance the centre as part of an overall business case:

#### Advantages of this approach

- WCC does not bear the cost of capital investment.
- The results of the soft market testing indicate that there are 3 interested operators who would consider investing in the facility which will improve the offer to the local community
- will provide the potential to increase sport and leisure participation
- continues to meet the needs of the local community.
- The Council may secure a management payment.
- The Town Council space will be protected
- There would be no club discounts required
- A discount scheme for low income groups would be required

#### Disadvantages of this Approach

- WCC may be required to pay a management fee to an operator thus increasing pressure on the Council's budget.
- Would still include the existing building with its access and structural issues.
- Capital investment may require Planning Permission.
- Possible full or part facility closure during the contract – resulting in loss of potential income to the operator.
- Negotiation will be required to obtain additional land (if required) from Whiteley Town Council and/or British Land.
- More parking spaces may be required if the facility size is increased.

### **Option C**

- 11.22 Whiteley Town Council take over the running and management of the centre and ongoing associated costs and staff:

#### Advantages of this approach

- Continues to provide a community facility
- This option is not dependant on interest from the market
- Might meet the needs of the local community
- No ongoing costs to the Council dependant upon agreeing acceptable terms

#### Disadvantages of this Approach

- Negotiations with the Town Council are likely to be complex compared to the contract tendering process which has a fixed timescale
- No capital receipt from a potential sale of the centre.

- There is a risk that the Town Council is not an experienced leisure facility operator which could result in unforeseen issues and costs that WCC would be required to address
- The scope for the Town Council investing in the facility is likely to be limited
- The Town Council may require a payment from the Council to take on the running of the centre
- Would still include the existing building with some access and structural issues.
- The additional management and financial responsibilities for the Town Council would be significant compared to their responsibilities currently

### **Option D**

11.23 Close the site altogether and sell it.

Advantages of this approach

- No ongoing running costs for the Council.
- Capital receipt from the sale.
- Whatever the site will be used for will bring an environmental benefit
- This option does not depend on interest from the market (other than the future sale of the site)
- This option would be deliverable in the shortest time
- Low risk option as it involves closure and disposal of the site

Disadvantages of this Approach

- Loss of accommodation for Whiteley Town Council who would require another facility in the town centre and they would lose the changing rooms for their grass pitches.
- Negative impact on sport and leisure participation
- Loss of a community sports facility.

### Soft Market Testing and Analysis of Options

- 11.24 A feasibility study for the future of Meadowside Leisure Centre together with a Soft Market Testing exercise with potential operators has been undertaken and the results of this are set out in Exempt Appendix 3.
- 11.25 This work includes a financial and a non-financial analysis of the 4 options to show on balance which option emerges as the most beneficial for the Council.
- 11.26 The overall scores for each option are based on the information presented in Sections 6 and 7 of Exempt Appendix 3. And have been reached as follows:

**Table 1: Summary of the Financial and Non-Financial Analysis**

		<b>Financial score</b>	<b>Non-financial score</b>	<b>Overall score</b>	<b>Rank</b>
A	5-year management contract, then closure	2.1	3.3	<b>3.4</b>	<b>4</b>
B	10- 15-year management contract	3.6	3.7	<b>7.3</b>	<b>1=</b>
C	Management passed to town council	1.0	2.9	<b>3.9</b>	<b>3</b>
D	Closure and sale of site	5.0	2.3	<b>7.3</b>	<b>1=</b>

- 11.27 As a result of the soft market testing exercise, three operators have expressed an interest in this opportunity. All would be interested in the short term opportunity (Option A) and two would be interested in the 10 to 15 year, longer term contract (Option B). The latter two operators have stated that Option B would be their preference and both would be interested in the opportunity to invest in the centre to improve the health and fitness offer.
- 11.28 The overall financial and non-financial analysis of Exempt Appendix 3 concludes that Option B is the most appropriate option to consider as it scored strongly in both categories. The analysis in Table 1 above identifies option B and option D as the most appropriate options for the Council. However, it should be emphasised that Option B is the more balanced of the two across the financial and non-financial analysis. Option D, while it scores strongly in terms of financial considerations (largely because the closure of the Centre in the short-term means that there is no long-term financial cost to the Council), on the non-financial side it is the weakest of the options in terms of the extent to which it meets local need. In short, it is a relatively simple option; however, the long-term impact on the local community as well as sport and physical activity participation levels will be greater than in any of the other options and it does not provide for the Town Council and/or the needs of the adjacent sports pitches in terms of changing rooms and toilets.
- 11.29 Conclusion
- 11.30 Option B, to seek tenders from the open market for a 10 to 15 year contract to manage Meadowside Leisure Centre, will test the market and allow the Council to make an informed decision about the future of Meadowside. Other options in relation to a potential transfer to Whiteley Town Council and or a disposal can continue to be assessed and discussed should the tender process prove unsuccessful.

11.31 The ongoing maintenance of the building as set out in the condition survey and the floor strengthening as recommended in this report will allow greater flexibility in use and improve the centre's commercial value.

11.32 This approach would also allow for community use needs to be met in Whiteley and sport and physical activity levels to be maintained, until such time as there is more certainty about the timing of the provision of the North Whiteley Secondary School facilities.

## 12 OTHER OPTIONS CONSIDERED AND REJECTED

12.1 All potential options have been identified and considered in the body of the report.

### BACKGROUND DOCUMENTS:-

#### Previous Committee Reports:-

[Cab 3015](#) - WINCHESTER SPORT AND LEISURE PARK PROJECT UPDATE - 16 January 2018

#### Other Background Documents:-

None.

### APPENDICES:

1. Community Leisure Centre (4 Court Hall) Feasibility Study (Redacted)
2. Meadowside Leisure Centre – Building Condition Survey
3. Exempt Appendix – Options Appraisal for Meadowside Leisure Centre
4. Strategic Assessment of Sports Hall Provision for Winchester City Council