

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 18th January 2016

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PORTFOLIO: Community and Leisure – Councillor Carter

PART I **KEY DECISION**

LEISURE STRATEGY - CAPITAL DEVELOPMENT PROGRAMME

1 Purpose of Report

- 1.1 This report updates members on progress made towards the delivery of three major capital development schemes as part of the Council's wider leisure strategy capital development programme.
- 1.2 It summarises the latest concept proposals for Phase 2 of the Arbour Park community sports facility, the new leisure centre on the Farnham Road Centre site and the refurbishment works of the Ice Arena.

2 Recommendation(s)/Proposed Action

The Cabinet is requested to resolve:

- (a) Arbour Park community sports facility (CSF)
- i. That the phased development of the CSF and funding for Phase 2, detailed in Appendix 1 of this report be agreed.
 - ii. That the operating recommendations for the CSF set out in Appendix 1 of this report be noted; taking account of the need to put in place temporary management arrangements up to June 2017.
- (b) New Leisure Centre, Farnham Road (Centre site)
- i. That the design, facility mix and timescales for delivery of the new leisure centre, detailed in Appendix 2 of this report be agreed.
 - ii. That the funding detailed in Appendix 2, for the development of the new leisure centre is agreed
 - iii. That options for the future operation and management of the new leisure centre detailed in Appendix 2 be noted
- (c) Ice Arena
- i. That the design, facility mix, funding and timescales for the refurbishment works for the ice arena development be agreed as detailed in Appendix 3

(d) That the development of Phase 2 of the CSF, permission to commence on the development of the leisure centre and Slough Ice Arena be recommended for approval by Full Council on 26th January 2016

3. The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan

3a Slough Joint Wellbeing Strategy Priorities

All the actions within the Leisure Strategy will contribute towards achieving the overarching vision of the Slough Joint Wellbeing Strategy and will make significant contributions specifically to the health, wellbeing and safer Slough themes.

- **Health and Wellbeing.** Cabinet in July 2014 approved a strategy for leisure, with the overarching aim to "enhance the health and wellbeing of Slough residents by ensuring leisure activity is adopted as a habit for life for all – more people, more active, more often". The causal link between physical activity and overall health indicators is clear, particularly for obesity and heart disease, which are high priorities for Slough.
- **Safer Slough.** The opportunity to participate in shared leisure activities makes a positive contribution to community cohesion and interaction for all members of the varied and diverse community in Slough.
- **Regeneration and environment.** Leisure facilities contribute to the quality of the environment of the town. They provide opportunities to regenerate specific sites and local communities.

Cross-Cutting themes:

Good leisure facilities can improve the image of the town, making Slough a destination for sport and physical activity for local residents who will take a pride in the promotion of their use.

The leisure strategy and improved leisure facilities contribute towards addressing key priorities as set out in the JSNA including childhood obesity, positive activities for young people and cardio vascular disease.

3b Five Year Plan Outcomes

- Slough will be the premier location in the south east for businesses of all sizes to locate, start, grow, and stay – good quality, accessible leisure facilities are attractive to employers to ensure a healthy workforce which is imperative for a businesses success.
- There will be more homes in the borough, with quality improving across all tenures to support our ambition for Slough – the future development of leisure facilities on chosen sites in the town will compliment planned housing developments and assist the organisational aim of maximising the value of assets.
- Slough will be one of the safest places in the Thames Valley – leisure activity can be used as a diversionary activity for young people who could be at risk of anti-social behaviour.
- More people will take responsibility and manage their own health, care and support needs – accessible leisure opportunities in the right location will enhance the health and wellbeing of all individuals living in Slough.

- Children and young people in Slough will be healthy, resilient and have positive life chances – improved leisure facilities will provide children and young people with wider opportunities for participation in sport and physical activity which results in greater physical and mental wellbeing. The proximity of the proposed new facilities to educational establishments will maximise use and allow the Council to realise corporate aims.
- The Council's income and the value of its assets will be maximised through capital development and improvements to its leisure facilities.

4 **Other Implications**

(a) Financial

- i. It is estimated that it will cost the Council £33.4m to build/redevelop these three leisure schemes. Within the current Medium Term Financial Strategy (MTFS) capital programme, funding of:
 - £4.3 million has been allocated for the Phase 1 works, agreed by Cabinet in July 2015, towards the development of the Arbour Park community sports facility. A breakdown of the project costs, including information on the estimated net revenue operating costs are included in appendices 4 and 5 of this report.
 - £3.5 million has been allocated towards the ice arena development. No funding has been allocated to date against the new leisure centre on the Farnham Road site, or any additional costs for Arbour Park and the ice arena schemes.
- ii. The annual cost of funding the £33.4m for these three leisure schemes is estimated at £1.9m for 25 years.
- iii. A bid to Sport England's Strategic Funding Programme will be submitted by officers for potential capital funding towards the financing of the leisure centre this financial year. If successful this would mitigate against the need for the total amount of borrowing against the project.
- iv. There are ongoing, indicative revenue costs related to the CSF scheme of approximately £70k in the first year of Phase 1 operation. This is estimated to fall to a surplus of £3K in year two when phase 2 has been completed and there is the opportunity to promote the facilities for wider community and commercial usage.

(b) Risk Management

Project	Risk	Mitigating action	Opportunities
CSF	Finance – The CSF will place additional revenue pressure on the Council at a time when it is seeking to reduce corporate property costs	The CSF will sit within the scope for the re-procurement of the leisure contract passing on financial risk to the incoming leisure provider	The new facility will contribute to more people being physically active, which is a key priority for the Council. Operate the CSF as part of

			the community hub strategy, transferring revenue budgets from rationalised community facilities to offset the anticipated shortfall.
CSF/LC/IA	Planning – Planning conditions not met	Project manager to ensure compliance and planning to be involved in key meetings of the leisure strategy board	
CSF/LC/IA	Health and Safety	Fully addressed for new facilities as they are developed Construction stage issues will be addressed within the construction contract, Operational risks will be considered and developed to respond to the specific risk and will in due course be passed onto the operator to manage.	
CSF/LC/IA	Equalities Issues – the new facilities fail to meet the needs of all	A broad community programme is available to all at all sites.	Improved access to quality facilities will contribute to increasing levels of activity by Slough residents
CSF/LC/IA	Community Support – Objections to development plans	Communications strategy in place	

CSF/LC/IA	Communications – The proposed developments receive adverse publicity	Proactive, joint approach from all partners including the school(s) Newsletters to local residents. Event based communications plan being formulated.	
CSF/LC/IA	Financial (capital) – Costs become inflated and the scheme is unaffordable	Present cost effective option and identify appropriate contingency. Agree fixed price contract with Morgan Sindall and manage potential scope creep	Look at other funding opportunities. Use SUR as a delivery mechanism. This reduces the procurement period and associated construction inflation.
CSF	Financial (revenue) – CSF operates at a significant loss	Identify the operating model that places the least additional pressure on revenue budgets and maximises opportunities for income generation	Transfer responsibility for the management of the CSF onto a third party to alleviate risk. Develop sponsorship strategy.
CSF/LC/IA	Timetable for delivery – Key deadlines are not met	Project management in place and slippage reported early. Provide a back-up plan for unforeseen delays	
CSF/LC/IA	Cost overruns	The building contract will be let on the basis of fixed costs	Opportunities for value management if required.
CSF/LC/IA	Project Capacity – Adequate resources are not in place	Allocate sufficient resources to the management of the programme	Utilise SUR and expert advisor to augment in-house expertise and ensure the project is delivered on time.

(c) Human Rights Act and Other Legal Implications

There are no Human Rights implications in regard to this report.

Local authorities have a range of powers to deliver cultural services which includes both recreation and sport. This would include the delivery of leisure centres and sports facilities which are all discretionary services.

The procurement of the construction works has been settled through the use of the Council's LABV (local asset backed vehicle). The Council will be contracting with Slough Urban Renewal to deliver both the CSF and the new leisure centre once the bespoke terms relating to the specific developments are agreed.

There are a range of construction and commercial contract issues that need to be resolved in relation to the delivery of the schemes.

(d) Equalities Impact Assessment

A full EIA will be completed for the proposed capital schemes once the scope has been agreed.

(e) Workforce

The delivery of the leisure capital programme will require specialist roles including dedicated project management and these will be built into the capital costs of the programme going forward.

(f) Property

See section 5 and associated appendices.

(g) Carbon Emissions and Energy Costs

All new buildings will be built to be energy efficient but will increase CO2 overall. A BREEAM standard of 'very good' aims to be achieved on all new build developments and for a percentage of energy to come from low or zero carbon sources.

5. Supporting Information

- 5.1 The Council aspires to provide the very best leisure facilities for its local residents; facilities that are accessible, in prime locations across the town. Increasing the participation rates of people who live in Slough in sport and physical activity is a key priority for the Council; getting more people, more active, more often.
- 5.2 Over the last eighteen months the Council has undertaken a series of feasibility, option appraisals and business case exercises to ensure that the future leisure offer in the town meets local demand and addresses the diverse needs of our communities.

- 5.3 In July 2014 Cabinet approved the adoption of the Council's five year leisure strategy. The strategy identified a core network of specialist facilities and recommended that a replacement facility for Montem be considered, that improvement works to both Slough Ice Arena and Langley Leisure Centre be undertaken to extend their lifespan for the next 15 to 20 years and that a new CSF be developed on the Arbour Park site.
- 5.4 Appendix 1 of this report details progress to date on the Arbour Park community sports facility. Cabinet agreed in July 2015 to implement the phased development of the Arbour Park community sports facility. The delivery of the CSF was a key Manifesto pledge, now adopted as Council policy, increasing opportunities for the community to participate in sport and physical activity. In addition Cabinet instructed officers to undertake works to further develop designs and costs for the Phase 2 development. This work has now been completed and is detailed in appendix 1.
- 5.5 Appendix 2 of this report details the latest design proposals and facility mix of the new leisure centre on the Farnham Road Centre site. It clarifies estimated costs for construction, timescales for delivery and future operating costs and models.
- 5.6 Appendix 3 of this report details the latest design proposals for the refurbishment of the ice arena with estimated costs and timescales for delivery.
- 5.7 **Finances**
Appendix 4 of this report details indicative capital costs for all three schemes. These costs are inclusive of SUR consultancy, legal fees and internal Council costs.
- a. CSF new build – £7.9 million
 - b. Leisure Centre new build - £17.8 million
 - c. Ice Arena development - £7.7 million
- 5.8 Appendix 5 of this report details annual estimated revenue operating costs for all facilities detailed in this report. Independent business cases have been prepared by FMG on the operating costs of the new leisure centre and refurbished ice arena. More recently in December 2015 Strategic Leisure undertook a piece of work to look at revenue operating costs and income generating opportunities for the CSF.
- 5.9 The CSF will require an estimated subsidy of £70K in the first 10 months of operation of the phase 1 facility. It is estimated that on completion of the phase 2 development that the facility has the opportunity to operate at a surplus.
- 5.10 The management and operating costs of the new leisure centre indicate a net surplus of circa £400K per annum.
- 5.11 The management and operating costs of the refurbished ice arena indicate a net surplus of circa £31K per annum.

6 Comments of Other Committees

None

7 **Conclusion**

- 7.1 The Council's five year Leisure Strategy details the Council's aspirations for the development and improvement of its leisure facilities. All new and improved leisure provision will have the potential to offer a programme of activity attracting local people of all ages to become more active, more often.
- 7.2 The CSF is currently under construction with Phase 1 scheduled to be completed by 15th August 2016. Subject to approval, Phase 2 will be developed concurrently and it is not anticipated that there will be any impact on the handover or operation of Phase 1. On the basis of the development program for Phase 2, handover for is expected in spring 2017.
- 7.3 It is proposed to commence the new leisure centre development with the demolition of the existing Centre building commencing October 2016.
- 7.4 The ice arena development works will ensure a scheme that is sympathetic to the proposed residential development and will provide a facility with a wider offer of activity to local people.

8 **Appendices Attached**

1. Arbour Park – Community Sports Facility
2. Farnham Road – Leisure Centre
3. Slough Ice Arena refurbishment
4. Capital costs
5. Revenue operating costs
6. Ice Arena Facilities – South

9 **Background Papers**

- '1' Leisure Strategy Cabinet Report – July 2014
- '2' Leisure Strategy Cabinet Report – March 2015
- '3' Arbour Park Cabinet Report – July 2015
- '4' Business planning options for the replacement of Montem Leisure Centre – January 2013*
- '5' Business Case – Arbour Park CSF - 2015*
- '6' Business case – New leisure centre – 2015*
- '7' Business case – Refurbished ice arena – 2015*

* Contains exempt information. Not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972