

| | | | |
|--------------------------------|--|--|-----------------|
| Subject: | Sports Facilities Management Contract: Capital Investment Proposals | | |
| Date of Meeting: | 17 March 2011 | | |
| Report of: | Strategic Director, Communities | | |
| Contact Officers: Name: | Ian Shurrock | Tel: | 29-2084 |
| | Toby Kingsbury | | 29-2701 |
| | E-mail: | ian.shurrock@brighton-hove.gov.uk | |
| | | toby.kingsbury@brighton-hove.gov.uk | |
| Key Decision: | Yes | Forward Plan No: | CAB20238 |
| Wards Affected: | St Peter's and North Laine; Withdean | | |

FOR GENERAL RELEASE**1. SUMMARY AND POLICY CONTEXT:**

- 1.1 This report provides Members with an update on the capital investment proposals that were submitted by Freedom Leisure in addition to their bid for the council's Sports Facilities Management Contract.
- 1.2 The proposals present an opportunity to improve the quality and capacity of the facilities provided at both the Prince Regent Swimming Complex and the Withdean Sports Complex.

2. RECOMMENDATIONS:

- 2.1 That Cabinet approves the development of the capital investment proposals for the Prince Regent Swimming Complex and the Withdean Stadium Complex.
- 2.2 That a further report be considered by Cabinet detailing the proposals for approval prior to planning applications being submitted.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 On the 9th December 2010, Cabinet granted delegated authority to the Strategic Director for Communities in consultation with the Cabinet Member for Culture, Recreation and Tourism to consider Freedom Leisure's investment proposals, and report back to a further Cabinet meeting.
- 3.2 The indicative proposals for investment at both the Withdean Stadium Complex and the Prince Regent Swimming Complex are both considered to have the potential to be very positive for the council with significant facility improvements. However, it is necessary to finalise such schemes with full costings to ensure that value for money will be achieved.

- 3.3 The investment proposal for the Withdean Sports involves the construction of a two storey extension which wraps around the front and side of the existing building including:
- A new entrance and reception space servicing both the Tennis and Squash Centres, including seating;
 - A new link will be created to the club room in the Squash Centre;
 - A new larger studio adjacent to the existing studio, leaving the existing studio available for spinning, soft play or Wii Fit;
 - Extended and more modern male and female changing facilities with separate toilets;
 - Additional floor space will be provided for a fitness suite approximately three times the size of the existing provision, sufficient for 150 gym stations to be installed.
- 3.4 The Withdean Sports Complex is currently at capacity for gym and exercise classes and it is estimated the development would increase membership by 66% with a further 1194 members as well as increasing capacity for pay and play users.
- 3.5 The investment proposal for the Prince Regent Swimming Complex involves the demolition of the existing single storey entrance façade, which is replaced with a double height, fully glazed extension. The proposed development includes:
- A new reception area and improved dry changing facilities;
 - An extended fitness suite area over-looking Jubilee Square.
- 3.6 The proposal for the Prince Regent Swimming Complex would greatly enhance the customer experience with the improved dry changing facilities and extended gym. An increase of 614 members (48%) is projected.
- 3.7 Freedom Leisure commissioned a specialist market research company to investigate the potential demand for both of the above developments. The research indicated that there is considerable latent demand to use both facilities which informed the estimated increase in memberships indicated above. Such demand is based on a high quality of facility to match increasing customer expectations of the quality of service.
- 3.8 While initial consultation has taken place with the Planning Section on the development proposals it should be borne in mind that although considerable work has been undertaken by Freedom on the proposals in conjunction with S & P Architects (nationally renowned sport centre architects who designed K2 at Crawley) further work is required to finalise the proposals. A project team would be established that would be led by the council including representation from Sport & Leisure, Finance, Property & Design, Procurement and Legal, together with Freedom in order that fully costed schemes can be finalised.
- 3.9 When developing the proposal to improve the health and fitness at Withdean, a review will be undertaken of the provision across the whole of the stadium complex. Withdean Stadium Complex caters for a wide range of sports including tennis, squash, athletics and football and with Brighton & Hove Albion FC leaving

to move to Falmer, there is now the opportunity to develop a master plan to maximise the sporting potential of the site.

- 3.10 If Freedom provide the funding, the cost of the works and the additional income would be reflected in a revised management fee from Freedom during the remaining term of the 10 year contract. If the council provided the funding, the developments would be funded by council borrowing and repaid by the additional revenue generated through the contract.
- 3.11 Based on an assessment of the indicative proposals presented, if a 20 year life span was assumed for the developments, the income generated could exceed costs (capital and running) by at least £4.4 million. However, full development and assessment of the proposals is required to identify the potential of the improvements with more certainty.

4. CONSULTATION

- 4.1 Some initial pre-application comments have been received from the Planning Section. The Withdean proposal is described as a strong proposal which deals with the poor legibility and permeability of the existing racket sport and fitness buildings. The proposal for the Prince Regent raises concerns on creating a pinch point by Pizza Express and therefore more work would be required so that the design is appropriate for the location.
- 4.2 Consultation will take place with ward members and sports clubs when the projects have been further developed from these initial proposals.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 The information provided by Freedom estimate a build cost for both sites of £4.6m plus additional annual running costs of £0.150m. The developments are estimated to generate additional annual revenue income of approximately £0.750m. There are two options for funding the capital works; either through Freedom providing the investment or the council through borrowing. In both cases the financing costs would be met through the additional revenue generated.
- 5.2 The expected life of the assets is 20 years; if the council were to fund the investment through borrowing the financing costs would be approximately £0.380m per annum.

| | £'000 |
|------------------------------------|--------------|
| Estimated additional income | 750 |
| Estimated additional running costs | (150) |
| Financing costs | (380) |
| Annual surplus | 220 |

- 5.3 This high level assessment shows the proposal could potentially repay all the investment and provide a saving to the council. If this report is approved a

detailed business case with refined costs and revenues will be produced to support the proposal when presented to cabinet prior to any planning application being submitted.

Finance Officer Consulted: James Hengeveld Date: 15/02/11

Legal Implications:

- 5.4 At this stage there are no direct legal implications arising, but the report referred to at 2.2 will need to refer to various legal issues, including the procurement process for the contractor to be appointed to carry out the works, the form of the building contract, appointments and warranties and the structure of the deal with Freedom to capture the implications of the works.

Lawyer Consulted: Bob Bruce Date: 11/02/11

Equalities Implications:

- 5.5 The operation of sports facilities that are accessible to all sections of the community are important to increase participation and subsequently improve health and wellbeing. The contract specification requires Freedom Leisure to provide a service that promotes equality of access through a balanced programme of activities and a concessionary pricing scheme.

Sustainability Implications:

- 5.6 The operation of sports facilities that minimise energy consumption are important to help reduce the carbon footprint of the facilities. The contract specification requires Freedom to establish best practice in environmental management through the development of an annually updated Environmental Management Plan which is approved and monitored by council officers.
- 5.7 Sustainability implications arising from the potential capital investment proposals will be assessed as part of any required planning consents.

Crime & Disorder Implications:

- 5.8 Increasing participation in sport and physical activity is recognised as having a positive effect on reducing crime and anti-social behaviour.

Risk & Opportunity Management Implications:

- 5.9 The Project Team would identify the most appropriate arrangements to achieve best value for money for the council which would be included in the further report indicated in 2.2.
- 5.10 The operation of the facilities will be closely monitored by the council to ensure that the requirements of the specification and contract are met.

Corporate / Citywide Implications:

- 5.11 The operation of facilities that help increase participation in sport and physical activity and widen access will help to meet the outcomes of the council's Sport and Physical Activity Strategy.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 6.1 A range of options were evaluated as part of the procurement process for the Sports Facilities Management Contract that was reported to members at the December 2010 Cabinet meeting.

7. REASONS FOR REPORT RECOMMENDATIONS

- 7.1 The capital investment proposals provide a potential opportunity to improve the quality and capacity of the council's sports facilities and increase participation and healthy living amongst residents of Brighton and Hove.

SUPPORTING DOCUMENTATION

Appendices:

None

Documents in Members' Rooms

None

Background Documents

None

