

CABINET

23 AUGUST 2011

REPORT OF THE CABINET MEMBERS FOR REGENERATION AND CULTURE AND SPORT

Title: Axe Street / Abbey Sports Centre Redevelopment	For Decision
<p>Summary:</p> <p>This report sets out a business case for the provision of a new leisure centre in Barking Town Centre as a part of a rationalisation of indoor leisure provision in the Borough. This will be achieved by streamlining services into two first-class leisure centres, the first being the Becontree Heath Leisure Centre in Dagenham which has recently been completed, and the second being a new Centre to be constructed in Axe Street in Barking Town Centre. These facilities will be complemented by the existing school leisure centres that have community access and the soon to be completed Olympic handball sports centre at Mayesbrook Park.</p> <p>The construction of a new leisure centre on Axe Street would mean that the closure of both the Goresbrook Leisure Centre and the existing Abbey Sports Centre would be achievable. Both centres are in need of significant refurbishments. The Abbey Sports Centre requires imminent capital improvements of £1.6m currently not included in the Capital Programme. Goresbrook Leisure Centre is particularly inefficient when compared to industry benchmarks as a result of its design which makes the centre very expensive to operate. This centre also needs capital investment of £1m in the near future. Neither of these facilities currently has the range and quality of facilities needed to meet the current and emerging needs of residents and the health improvement priorities of the Council and its partners.</p> <p>A feasibility study has been undertaken to assess whether a refurbishment of the existing Abbey Sports Centre or a new build scheme would best meet the Council's leisure needs for the site, meet best value for money objectives, and adequately address the changing needs and aspirations of its service users. The study concluded that a new build leisure centre on the site opposite the existing Abbey Sports Centre would address these requirements at a cost of around £12.98m (Option A). A new build scheme would allow for the optimum facility mix to meet service user needs and health improvement priorities:</p> <ul style="list-style-type: none">• It will provide a range of positive activities for young people and help to ensure that every child in the Borough can swim, which is a priority for Members.• It will provide high quality and accessible health fitness facilities that will encourage more people to become and stay physically active.• Help to improve the viability and vitality of the Town Centre;• Minimise whole life cycle costs and maximise opportunities for income generation;• Enable the delivery of a more environmentally sustainable building;• Enable a visually attractive and highly functional building to be built befitting the new high quality standards of development for the Town Centre; and• Ensure continuity of leisure service provision in the Town Centre during construction. <p>The new building would be expected to be fully constructed by Spring 2014 assuming Members agree to progress the scheme at this meeting.</p>	

In the short term the total £12.98m construction cost will need to be met mostly from prudential borrowing and capital receipts as they become available. The potential future sources of funding to minimise the level of borrowing include:

- Capital receipts from the closure and sale of the Goresbrook Leisure Centre site and from the closure and sale of the existing Abbey Sports Centre site;
- Revenue savings associated with the closure of the two existing leisure centres and their replacement by a new facility in Axe Street which would be used to support the costs of borrowing; and
- Town Centre external funding of £400,000

There are clear risks in factoring the sale of these sites since there have been no comparable sales since the collapse of the housing market in 2007. The lack of comparable evidence also makes it difficult to predict the level of receipts which will be forthcoming. However, it is estimated that, contributions from the sale of the Abbey and Goresbrook sites could be in the range of £5-6m.

The net revenue savings released from the closure of the two facilities will not be sufficient to cover the full borrowing costs associated with delivering a new £12.98m building. The balance will therefore need to be found from within existing resources. Based on financial modelling, prudential borrowing payments of up to £1.132m per annum will be required in the short term. However, this should be reduced to around £289k per annum subject to the closure and disposal of the Goresbrook and Abbey Sports Centre sites.

It is recommended that the Council's normal practice for the disposal of operational buildings be waived in this case given that this proposal represents a major development opportunity within the Council's regeneration proposals for Barking Town Centre. Furthermore, the disposal of existing sites is needed to off-set development costs with any income from the sales (particularly from the Goresbrook site) and delivering the preferred sports centre on a smaller site would be impractical.

The policy and strategic case to close both of the existing centres is made only if a suitable replacement can be constructed that would provide the sports, leisure and community facilities which could be on one site. If the replacement facility is not progressed, it is anticipated that both existing facilities will need to continue to operate but will require capital investment of around £2.6m in the short term for maintenance, cyclical repairs and refurbishments.

Wards Affected: Abbey, Gascoigne, Goresbrook

Recommendation(s)

The Cabinet is recommended to:

- (i) Approve prudential borrowing payments of an estimated £1.132m per annum in order to build a new Leisure Centre on Axe Street costing £12.98m whilst noting that payments will reduce to around £289k per annum following the closure and disposal of the existing Abbey and Goresbrook Leisure Centres;
- (ii) Authorise the Corporate Director of Finance and Resources, in consultation with the Divisional Director of Legal and Democratic Services, to undertake the procurement

for the design and construction stages of the proposed leisure centre;

- (iii) Approve the site to the north of Axe Street as being the preferred location of a new leisure centre ;
- (iv) Authorise the Corporate Director of Finance and Resources to place the Goresbrook Leisure Centre on the market with a view to completing the disposal in December 2012, the sale terms to be agreed in consultation with the Divisional Director of Legal and Democratic Services;
- (v) Authorise the Corporate Director of Finance and Resources, in consultation with the Divisional Director of Legal and Democratic Services, to conclude all legal agreements and to agree a Memorandum of Understanding with the London Thames Gateway Development Corporation regarding the transfer of the Captain Cook Public House Site to the Council in order to construct the new Leisure Centre;
- (vi) Authorise the Corporate Director of Finance and Resources in consultation with the Corporate Director of Adult and Community Services to seek to include a cinema in the Leisure Centre complex as an alternative to a Sports Hall space, in the event that it is considered to be in the best interests of the development and that a third party can be identified to operate the facility at no worse than financially neutral cost to the Council; and
- (vii) Note that two further reports will be presented to Cabinet, setting out the potential uses and disposal of the existing Abbey Sports Centre and Goresbrook Leisure Centre sites at the appropriate time; and a second report for Members to agree the successful tenderer for the new sports centre, including the final specification, the actual dates of construction, the findings and resulting actions from the Equality Impact Assessment relating to this scheme and the outcome of the cinema feasibility study.

Reason(s)

In order to assist the Council to achieve its Community Priorities in particular around the themes of 'Better Health and Wellbeing' and 'Regenerating the Economy'.

Comments of the Chief Financial Officer

In order to fund the construction of a new Leisure Centre costing £12.98m, prudential borrowing payments of up to £1.132m per annum will be required in the short term. To mitigate this borrowing requirement, a number of potential funding sources are available. These principally relate to the disposal of the Goresbrook Leisure Centre and existing Abbey Sports Centre sites, and from possible financial savings arising from the closure of the Goresbrook Leisure Centre and Abbey Sports Centre. Together, this could reduce prudential borrowing requirements to around £289k per annum.

However the cost estimates are based on figures from the feasibility study undertaken by the architects and their cost consultants. It is prudent to allow for a greater contingency to cover any unforeseen costs.

The financial modelling undertaken makes assumptions based on a number of variables which, if changed, alter the borrowing requirements required by the Council. The most

significant of these is the timing and level of the receipt from the sale of the Goresbrook site (and to a lesser extent the Abbey site).

It is estimated that the new centre will cost less to operate than either of the two facilities it will replace. However, the full life costs of building a new Axe St leisure centre should be taken into account and this include the build costs, costs of borrowing and the revenue costs of running the new centre once built.

Once the full life cost is taken into account there will not be sufficient surplus to meet the whole cost of the borrowing required for the scheme. This means that savings will need to be identified elsewhere to meet the borrowing cost.

As the Council has to borrow and begin repayment of that borrowing ahead of the opening of the centre, the generation of the additional income and the realisation of the capital receipts, there is a revenue cost through 2012/13, 2013/14 and 2014/15.

This would be an additional pressure on the Council's overall budget. In order to reduce borrowing requirements, authority has been sought to dispose of the Goresbrook Leisure Centre on a deferred purchase basis (deferred to December 2012), thereby reducing prudential borrowing requirements. However, the timing of the closure of Goresbrook Leisure Centre is to be further assessed.

Six possible scenarios are set out in Appendix 4 of this report which shows the impact of more or fewer members using the new centre and impact of different capital receipts from the sale of Goresbrook and Abbey Leisure Centres.

Comments of the Legal Practice

The report proposes that the design and construction of the proposed new leisure centre be procured using the Council's Professional Services Framework. As this framework has already been procured via the EU procurement process, the design services will not need to be re-procured by way of full tender. The procurement of these services will however, still need to be conducted within the terms of the framework agreement.

It is further proposed that a contractor for the construction of the new centre be procured via the Council's proposed new Construction framework. This framework agreement has not yet been finalised. If it is completed and operational at the appropriate time as mentioned in the report, then the procurement can, as with the design stage, be procured under the framework, subject to the terms of the framework agreement. If however, the new framework agreement is not in place by then, officers will need to come back to Cabinet for approval of a revised procurement strategy for this work.

The proposals set out in this report also involve significant property law and contractual issues. Officers will need to consult and work closely with the Legal Practice throughout the project to ensure that the proposals are legally feasible, compliant and effective. The approval of recommendations is therefore subject to appropriate consultation with and on the advice of the Divisional Director for Legal & Democratic Services.

The development proposed is consistent with the Council's Local Development Framework (LDF) Area Action Plan and the regeneration benefits that this proposal seeks to achieve.

Cabinet Member: Cllr Mick McCarthy and Cllr H J Collins	Portfolio: Regeneration and Culture and Sport	Contact Details: Mick.McCarthy@lbbd.gov.uk 020 8724 8013 Herbert.Collins@lbbd.gov.uk 020 8724 2892
Head of Service: Jeremy Grint / Paul Hogan	Title: Divisional Director of Regeneration / Divisional Director of Culture and Sport	Contact Details: Tel: 020 8227 2443 / 3576 E-mail: jeremy.grint@lbbd.gov.uk / Paul.hogan@lbbd.gov.uk

1. Background

- 1.1 The Borough Health profile for 2011 indicates that the percentage of physically active children is below the national average and that the borough has one of the lowest levels of physically active adults in the country: 14.8% of adults in the Borough take part in sport and physical activity compared to the national average of 22%; also, 58% of adult residents do no sport or physical activity at all; however, on a more positive note, research shows that 60% of adult residents want to start playing sport or do a bit more than what they currently do.
- 1.2 According to Sport England's Active People survey, the most popular sporting related activities for adults in the borough are swimming, going to the gym, football, athletics (primarily jogging), and aerobics. All of these activities will be available at the new leisure centre and through outreach programmes.
- 1.3 The value of sport and physical activity as a key contributing factor to good health and well being is now widely understood:
- For the under fives, floor based and water based play encourages infants to use their muscles and develop motor skills. It also provides valuable opportunities to build social and emotional bonds;
 - For children and young people, being active improves cardio vascular health, maintains a healthy weight, improves bone health, improves self confidence and helps develop new social skills;
 - For adults, physical activity reduces risk of a range of diseases e.g. coronary heart disease, stroke, and type two diabetes, helps maintain a health weight, helps maintain ability to perform everyday tasks with ease, improves self esteem, and reduces symptoms of stress and anxiety;.
 - And for older people, it can help to maintain cognitive function, reduce cardiovascular risk, helps maintain ability to carry out daily living activities, improves mood and self esteem, and perhaps most importantly it can reduce the risk of falls;
- 1.4 The Department of Health has estimated that the cost of physical inactivity in Barking and Dagenham is at least £2.9 million per year, which is why it is a priority in the Borough's Health and Well Being Strategy to improve levels of exercise.
- 1.5 It is considered that the new leisure centre will make an important contribution to the achievement of the following priority outcomes:

- A borough where people's health and fitness are improving, with fewer smokers, with more people taking exercise and where people take better care of their diet;
- A borough with excellent leisure and health facilities, in which people can exercise, relax and play;
- A borough which meets the need of disabled children, young people and adults;
- A borough with a range of positive activities for young people; and
- A borough with a thriving voluntary sector (primarily through support for the development of local sports clubs).

Planning and Regeneration Context

- 1.6 Cabinet agreed the Axe Street Master plan on 22 November 2005 (Minute 185). This proposed a mixed-use scheme incorporating leisure uses, a multi-storey car park and residential uses for the Axe Street area. A portion of the site was redeveloped in 2005/06 for the Family and Child Health Centre with residential uses above and a temporary, at grade, replacement for the Town Hall car park with the intention, in the longer term, to replace this with a larger, multi-storey facility. The master plan assumed the continued existence and operation of the Abbey Sports Centre on its current site. This is supported by the Local Development Framework policy which sets out that the preferred mix of uses for the site include a mixed use development comprising improvements to the Abbey Sports Centre together with commercial and leisure uses such as a cinema, new homes and a multi-storey town centre car park.
- 1.7 A feasibility study has been completed which assessed the implications of redeveloping the Axe Street / Abbey Sports Centre Site to provide a new Leisure Centre, alongside a new 250 multi-story car park already planned for Axe Street. This would be consistent with the approved planning policy described above and address the identified demand for increased off-street parking, leisure and pool provision in the Town Centre and to reflect the aspirations set out in the LDF Barking Town Centre Area Action Plan. The study was also commissioned to test the assumption that a new facility in Axe Street could help deliver significant capital and revenue savings by streamlining leisure provision in the Borough and rationalising assets (i.e. closure of Goresbrook and existing Abbey Sports Centre).
- 1.8 Officers have established that, in relation to leisure provision being delivered across the borough, significant potential capital and revenue savings could be realised if a new leisure centre, with a similar facility mix to that being provided at the Becontree Heath Leisure Centre, is built to replace the existing Abbey and Goresbrook Leisure Centres. This report reflects the Culture and Sport Division's view that there is a clear strategic case particularly for replacing the swimming pool and health and fitness offer in a new leisure facility but there could be a reduction in sports hall provision.
- 1.9 There are three key elements to indoor sports facility provision: fitness suite; swimming pools; and sports hall, the current level of provision in the Borough and how this would be influenced by the proposed building of the leisure new centre is outlined below.
- 1.10 There is currently inadequate access to swimming pool provision for local people and this will be made worse if the Goresbrook Leisure Centre pool is closed and the new leisure centre isn't progressed.
- 1.11 A sports facility planning study produced by Sport England indicates that, in terms of swimming pool provision, the closure of Goresbrook Leisure Centre would increase unmet demand in the borough to the equivalent of 413 sq m, where a standard 6 lane

x25 metre swimming pool equates to 325 sq m of water space. This takes into account the increase in water space that is provided by the new Becontree Heath Leisure Centre and assumes that the existing water space at Abbey Sports Centre (250sq m) is maintained or re-provided in a new facility.

- 1.12 However, on a more positive note the Sport England facility planning study indicates that the Borough is reasonably well provided for in terms of indoor sports hall provision, which has a lot to do with the good quality school based leisure centres that have some community access.
- 1.13 As a result there is less of a strategic need to replace the sports hall at Goresbrook Leisure Centre with a like-for-like size facility. The facility at Goresbrook is twice the size of a standard four badminton court sports hall. When the new Olympics' funded sports centre in Mayesbrook Park is built, then a standard size sports hall is all that would be needed for the Borough to be adequately provided for in terms of indoor sports hall provision.
- 1.14 There is a marked under provision of fitness facilities in the Borough. The new Olympic sports centre in Mayesbrook Park will have a very large fitness facility, some 175 stations. When this is taken into account alongside the new 95 station gym at Becontree Heath Leisure Centre and existing school based leisure provision with community access, the perceived shortfall in this type of provision in the Borough is about 200 stations, the equivalent of five standard size gyms.
- 1.15 There is then a strong financial and strategic case for the current fitness facilities at Goresbrook Leisure Centre and Abbey Sports Centre (about 80 stations in total) to be re-provided, or ideally increased, in any new facility on Axe Street.
- 1.16 It is also worth noting that the Sport England study also indicates that, in terms of location, the existing Abbey Sports Centre site is well placed for the current customers of the Goresbrook Leisure Centre in relation to travel times and distance.
- 1.17 Following the closure of the Odeon cinema several years ago, it has been a long held aspiration for the return of a town centre cinema as a key component of Barking's ongoing regeneration and the development of a vibrant night time economy.
- 1.18 The Barking Town Centre Working Group, consisting of key stakeholders from the public and private sector who want to see the town centre flourish have recognised the importance of increasing Barking Town Centre's evening offer in order to support existing restaurants, pubs and the theatre. It is recognised that many restaurant chains tend to cluster as they benefit from competition which draws more people to an area. An improved leisure offer and especially a cinema on the Axe Street site would unlock the potential for new catering facilities. The likely increased evening footfall would be a strong inward investment message to promote. The attractive Magistrates Court and Police station are likely to become available for commercial use and together with the existing vacant ground floor of the Bath House there is scope to for a strong cluster of restaurants so Barking Town Centre achieves its potential.

2. Axe Street / Abbey Sports Centre Site and Land Ownership

- 2.1 The site (as shown on the plan attached as Appendix 1) incorporates the site of the former Captain Cook Public House, the existing surface level car park, 39, 41 and 43 Axe Street, which currently house the Axe Street Drugs Project, and the Abbey Sports

Centre. The site is bounded to the north by the access road for the Broadway Theatre, to the south by St Paul's Road, to the west by the Broadway and to the east by the Child and Family Health Centre.

- 2.2 The overall site is 0.94 hectares and the Council owns approximately 85% of the site.
- 2.3 The properties currently occupied by the Drugs Project (no. 39, 41 and 43 Axe Street) are owned by the Council. CRI (the occupier) has confirmed that they will have vacated the premises by the end of October 2011.
- 2.4 The 0.12 ha former Captain Cook site owned is owned by the London Thames Gateway Development Corporation (LTGDC). An agreement in principle has been reached with the Corporation to transfer this land to the Council to enable the development of a new Leisure Centre. A Memorandum of Understanding is being drafted by the LTGDC requiring that, in exchange for the Captain Cook site, the Council will reimburse the Corporation or any successor body, the value of that site from the proceeds of any future sale of the existing Abbey Sports Centre Site. This is a very complex model and until details are confirmed we are unable to estimate these costs.
- 2.5 If the development of a new Leisure Centre is not pursued by the Council, the LTGDC is expected to re-submit their planning application for housing development on the Captain Cook Site, leaving the Council with a less than optimal development site on the adjacent Drugs Project site (no 39, 41 and 43 Axe Street).

3. Condition Survey and Stage C Architectural Study

- 3.1 Following further officer discussions, it was decided that the proposal for a new Leisure Centre on Axe Street warranted the commissioning of a detailed feasibility study in order to more precisely establish any cost and design implications. S&P Architects were appointed to produce costed development options for a range of refurbishment and new build scenarios, based on a preferred facility mix specified in a Brief. This was supplemented by costed designs for a range of potential neighbouring uses such as a new 250 space multi-storey car park, small cinema, commercial and housing units.
- 3.2 The feasibility study included an assessment of the physical condition of the existing Abbey Sports Centre building and an architectural report to Stage C of the Leisure Centre along with development options for the remainder of the site. It assessed the feasibility of either refurbishing the existing Leisure Centre or building a new facility on the adjacent site. The study also examined how ancillary uses such as 250 space multi-storey car park, cinema, housing and/or commercial/cultural premises could be accommodated alongside a new Leisure Centre. An assessment of car parking will be covered by a separate report to Cabinet in due course.
- 3.3 The Condition Survey established that approximately £1.6m worth of capital improvements will be required to Abbey Sports Centre over the next five years as the mechanical, electrical and filtration plant is nearing the end of its useful life and is in need of replacement and refurbishment to bring the services up to current standards. It should be noted that this investment would not bring any betterment in terms of the quality or range of facilities provided to service users.

- 3.4 The Culture and Sport Division produced a preferred facilities mix (the Brief) to be provided in any new or refurbished Leisure Centre based on current supply and demand for leisure services in the Borough. The Brief highlighted that a new Learners' Pool, in addition to the doubling in the amount of fitness stations, and a number of studio spaces for classes, amongst other requirements needed to be included in any proposal.
- 3.5 The architectural study concluded that the cost of refurbishing the existing Abbey Sports Centre to any where near the requirements of the brief would cost around £7.75m (inclusive of the £1.6m of capital improvements noted above). This would result in a centre of around 3,500 m². Alternatively, if the construction of a new leisure centre is pursued, either on the existing site or the site to the north of Axe Street, the project would cost between £12m and £12.98m, which would deliver a facility with around 20-25% greater floor space than the refurbishment option.
- 3.6 Officers consider that the new build option, north of Axe Street at around £12.98m, is the preferred option for the following reasons:
- It would provide the best facility mix to both meet service user needs and maximise income generation;
 - It will programme a range of positive activities for young people and help to ensure that every child in the Borough can swim, which is an important priority for Members, and particularly important because of the very high proportion of the population that is of pre-school and primary school age;
 - It will provide high quality and accessible health fitness facilities that will encourage more people to become and stay physically active;
 - It could be purpose-built with the objective of minimising whole life-cycle costs and meeting high levels of environmental sustainability which would have the benefit of reducing ongoing maintenance and management costs. The refurbishment option would not fundamentally improve the existing structure or building fabric;
 - It would avoid any long term disruption to leisure provision in the Town Centre. On the other hand, the refurbishment option would require a 15 – 18 month closure of Abbey Sports Centre involving a loss of continuity of service provision to customers and would also incur staffing cuts and associated costs;
 - It would allow for the optimum facility mix to meet the Council's health improvement priorities for infants, children and young people, adults and older people;
 - It would help to improve the viability and vitality of the Town Centre. A new facility with an optimum leisure and sport facilities mix would improve the attraction of Barking Town Centre as a destination to live and visit thereby improving opportunities for inward investment and retail offer;
 - Sequencing of construction could enable car park provision to be continuously provided during construction of the new leisure centre;
 - It would provide greater opportunities for income generation with the provision of a six lane competition sized swimming pool, with ample spectator seating and an interior environment that meets Sport England Standards. The £7.75m refurbishment option would provide no improvements to the existing 5 lane pool hall that currently fails to meet Sport England Standards;
 - Assuming that the multi-storey car park would be built adjacent to the new leisure centre on the site to the north of Axe Street, this would free-up the Axe Street South site for comprehensive redevelopment, enabling the Council to

potentially realise a much higher land value than would be achievable under any refurbishment option. The refurbishment option would only provide opportunities for redevelopment on the Drugs Project site (no.39, 41, and 43 Axe Street) which represents a much smaller and more development constrained site; and

- In terms of urban design, a new build scheme on the site could provide a much more attractive and striking building that would better complement the adjacent Town Square cultural assets (e.g. Broadway Theatre and Barking Learning Centre) and the heritage assets across the Broadway on Abbey Green. Further, it would provide more opportunities for establishing an active frontage and maximising the siting of publicly accessible uses, entrances and windows in the new build leisure centre and on the eventual redevelopment of the existing leisure centre site. Conversely, all refurbishment options would only provide minor alterations to the external structure of the existing Centre and opportunities to better integrate the site with the surrounding context (public and civic facilities) would be lost.

4 Location of Car Park and Size and Range of Leisure Centre Facilities

- 4.1 The size and location of the new multi-storey car park also has an impact in determining the size and range of facilities that could be offered in a new leisure centre. Two separate locations were explored in the Stage C Architectural Study for the car park: the first being located on part of the site of the existing Abbey Sports Centre site (Option A) and the second being located directly adjacent to the new leisure centre on the site to the north of Axe Street (Option B). This is illustrated in Appendix 3 (Option A is labelled as Option 5 and Option B is labelled as Option 7).
- 4.2 Ideally the new car parking would not be included as part of the northern site allowing for a larger footprint new leisure centre with an improved facilities mix. This would also provide an opportunity to deliver complementary cultural use (e.g. a cinema) between the new Leisure Centre and the Child and Family Health Centre.
- 4.3 However, building a larger leisure centre would obviously result in a higher cost and with it the need for further prudential borrowing to pay for it. Development of the Leisure Centre on the Axe Street North site alongside a car park would free-up the entire Axe Street South site for a mixed-use scheme. Whilst a high density scheme on this site is not considered to be currently viable, if values were to rise, there would be an opportunity to maximise land value for the site to the south of Axe Street, whose development value will need to be shared with the London Thames Gateway Development Corporation.
- 4.4 The table below provides a comparison of the size and range of facilities that could be delivered by each of the new build options together with their indicative build costs.

Table 1 - New Build Leisure Centre Facilities Mix

Functional Area	Option A (Optimal facilities mix with car park on existing Sports Centre site)	Option B (11% less floor space, with car park adjacent to Leisure Centre)
Wet Facilities		
25m x 12 6 lane pool	✓	✓
Spectator Seating	✓	✓
Learner Pool	✓	✓
Dry Facilities		
Gym (min 80 stations)	✓	✓
Sports Hall (4 Court)	✓	✓
Dance and workout studios	3 studios	2 studios
Soft play facility	✓	X
Ladies and children's gym	✓	X
Café, kitchen, servery	✓	X
Breakout Area	✓	✓
Administration/Offices	✓	✓
Reception	✓	✓
Circulation	✓	✓
Staff Welfare	✓	✓
Plant room	✓	✓
Size of Leisure Centre	4,635 m²	4,177 m²
Leisure Centre Building Costs	£ 12,981,454	£ 12,001,880

Notes:

The above schedule does not list all facilities. Dry and wet change areas, WC's, and storage areas have been omitted as both options provide roughly an equivalent amount.

4.5 Members should be aware that there are some important differences between the facility mix proposed for the new leisure centre compared to those provided at the recently opened Becontree Heath Leisure Centre:

- The main pool at the new leisure centre will be 6 lanes x 25 metres compared to the 10 lane x 25 metre pool with a moveable floor at Becontree Heath Leisure Centre;
- The proposed gym at the new centre will be about 80 stations compared to the 95 provide at Becontree Heath Leisure Centre; and
- Also due to there being two existing cafes in close proximity to the new leisure centre only a vending service is being proposed.

4.6 Officers have worked to develop a scheme that is both modern, high quality and fit for purpose in terms of the facility mix to be provided. However, Members will understand that in these financially constrained times the significant level of investment that was secured to build the Becontree Heath Leisure Centre is not available for this scheme.

- 4.7 Members have asked for officers to investigate the potential to provide a cinema as part of the leisure centre development. For Option A, a small, four screen cinema was included in the conceptual study. This is not included in the net £12.98m construction cost of the new leisure centre itself. In addition, neither of the two options includes the cost of the provision of the new multi-storey car park.
- 4.8 It should be noted that the estimated cost of fitting out a cinema would be between £1.8 and £2 million. If a business case can be made for a cinema and a third party identified to manage it, then they would have to meet the fitting out and other related expenditure required to make the facility operational.
- 4.9 A feasibility study on the options for the cinema will be undertaken as part of the design phase for the scheme and the findings will be reported to Members.
- 4.10 A further assessment and report will examine delivery options for the car park including private development financing. However it is not clear at this point in time as to whether a commercial operator would take the space. Such a facility would improve the evening economy in Barking Town Centre
- 4.11 The leisure centre in Option A is 458 m² larger and almost £1m more costly to build. However, the potential income generation from Option A is expected to be greater because of the additional studio, kids play area, and ladies and children's gym facilities. In addition, further income may be generated if the café was replaced with an alternative/additional leisure and sport use.
- 4.12 Putting any further building above the leisure centre presents problems in dealing with the extensive plant and equipment. Also the leisure centre would be the equivalent to a 3 ½ storey building and planning policies restrict the heights of buildings in this area.

5. Proposal

- 5.1 The Condition Survey and Architectural Study for Abbey Sports Centre indicates that a refurbishment of the existing centre is not a option that can be recommended to Members because it is costly and have a poorer facilities mix and significantly higher whole life cycle costs. In essence, the refurbishment option does not represent value for money.
- 5.2 Of the two new build options, officers consider that the optimal size of a new facility would be around 4,600m². This would meet increasing service demands for sport and recreation in the Borough, help meet health improvement objectives for the Council, improve the vitality and viability of the town centre and help achieve the goal of streamlining services into two first-class leisure centres in the Borough. In order to construct such a Leisure Centre on Axe Street, there is an indicative cost of around £12.98m and this would be almost totally funded from prudential borrowing in the short term but offset over the longer term by:
- the closure of the Goresbrook Leisure Centre and the existing Abbey Sports Centre, in addition to the land disposal of each of the respective sites (circa £6m);
 - Town Centre external funding (£400k).
 - A balance borrowing figure of £6.58m - £12.58m based on the timing and site disposal price achieved for the Goresbrook Leisure Centre (£259k per annum). Additional

income of between £44k - £148k will also be expected with the opening of the new Leisure Centre.

6 Financial Issues

6.1 An options appraisal for the Council's leisure centres was undertaken in 2010. This concluded that there could be operational and financial benefits for the Council if an alternative service delivery regime was adopted, in particular to a new or existing leisure trust. However, it was recommended that any market testing of the service should be deferred until 2012. There were three key reasons for this:

- By that time, the Culture and Sport Management Team's plans to realise further efficiency savings will have been achieved. In this way the Council will receive the full benefit of these savings;
- Decisions on the future operation of Abbey Sports Centre and Goresbrook Leisure Centre would be made, which would allow the contract specification for the service, if it were tendered, to be finalised; and
- Perhaps most importantly, the new Becontree Heath Leisure Centre will have been operational for one year and so its likely future financial performance will be known. Whilst it certainly would have been possible to outsource the leisure centres, if the council was so minded, any operator would only have taken on the operation of the service on the basis that the financial terms of the agreement would be re-negotiated after Becontree Heath Leisure Centre had been operational for twelve months. With the contractor in situ, it was considered that this would inhibit the council's ability to negotiate robust financial term and conditions.

6.2 It should be noted that at the time of the options appraisal, the Government's proposed changes to the way in which NNDR (business rates) is distributed to councils was not known. If implemented, this will have a significant adverse impact on the financial benefits that would be realised if the management of the Council's leisure centres was transferred to a new or existing leisure trust.

6.3 The timing of the proposed options appraisal for the leisure centres will be reviewed in the light of the decision taken on whether to proceed with this scheme for a new Leisure Centre on Axe Street.

6.4 At this time, it is assumed that the Council will directly procure and fund the construction of the new centre. However, it may be that a business case could be made for seeking a commercial partner to design, build and operate the new facility. An alternative option would be to seek a private developer partner. While this would potentially be a cheaper option in capital terms in order to guarantee the level and cost of that service it would be better for the Council to operate the service for 12 months to fully understand the revenue implications. This is the approach adopted for Becontree Heath Leisure Centre. In addition the development would be unlikely to be completed until some point in 2015.

6.5 A new leisure centre with an optimal mix of facilities would be estimated to cost around £12.98m, with the following exclusions/inclusions:-

Exclusions

- VAT is not included and the ramifications of this needs to be further assessed;

- No sum has been included for public realm capital works (e.g. CCTV, bins, paving, street furniture, and signage) or maintenance costs surrounding the site. The cost would vary based on the amount of public realm provided in the ultimate scheme. External funding will be sought for this element.

Inclusions

- A contingency sum of 7.5% of the total cost of works is included, which amounts to around £770k;
 - The demolition of the existing Abbey Sports Centre and Axe Street Drugs Project is included in the above cost estimate but excludes any costs associated with the demolition of Goresbrook. The demolition of the Goresbrook Leisure Centre will need to be factored into the disposal terms and final receipt for the Goresbrook site;
 - Allowances of £350k towards fit-out of the leisure centre; and
 - 12% for professional fees is included, which is considered to be adequate.
- 6.6 If the new Leisure Centre on Axe Street isn't progressed then it is anticipated that both existing facilities will continue to operate but will require capital investment of around £2.6m in future years for maintenance, cyclical repairs and refurbishments. This is a risk as this sum is not currently earmarked in the capital budget and would need to be added to Capital Programme.

7 Legal Issues

- 7.1 The legal issues associated with this report are identified and commented upon by the Solicitor to the Council above

8 Other Implications

Continuity of Leisure Services and Car Parking Provision

- 8.1 The existing Abbey Sports Centre will remain open while the new facility is being built. Only once the new facility is operational would the old leisure centres be surplus to the Council's requirements. Due to a binding commitment for Goresbrook Leisure Centre to be used as a 2012 Games Time Training Venue, the centre could only be closed after September 2012.
- 8.2 The existing car park, adjacent to the Child and Family Health Centre, could be maintained, albeit at a reduced size, during the construction of the new leisure centre. It is essential that the proposal for a multi-storey car park comes forward immediately following the closure of the Abbey Sports Centre. A further report regarding this will be prepared in due course.

Risk Management

- 8.3 The greatest risk relates to the realisation of the full capital receipt from the disposal of the existing Goresbrook and Abbey Sports Centre sites. There are clear risks and unknowns in factoring the sale of these sites since there have been no comparable sales since the collapse of the housing market in 2007. The ultimate sales values will not be fully known until the market is tested. Nevertheless, a valuation for the sites has been considered by Property Services with estimates being that the site could be

disposed of for around £5-6m. Consultation with Property Services will be taken forward in order to dispose of the Goresbrook Leisure Centre on a deferred purchase basis (deferred to December 2012) so that the Council will have an early indication of market value and make a judgement on whether to sell or retain the land until property values recover sufficiently to justify a sale.

- 8.4 In order to meet, if not surpass projected income targets for a new Sports Centre, an aggressive marketing campaign to the local community, businesses, Council Officers, existing members of Abbey and Goresbrook Leisure Centres and the wider public will be required. The Culture and Sport Division will develop a marketing programme at an early stage in order to inform the wider community during the design and planning, construction and completion phases.
- 8.5 Also, one of the crucial issues to realising this revenue is to ensure that the proposals for the new multi-storey car park are taken forward as quickly possible as this will improve the attraction of the new leisure centre. A separate report will come forward on this issue to a future Cabinet meeting.

Contractual Issues

- 8.6 One of the key drivers of the development programme relates to the way in which both the design and construction phases of the new leisure centre are procured. In order to consider the procurement options, discussions have taken place with Asset and Commercial Services. It has been recommended that for this scheme, the Council's Professional Services Framework should be used under a two stage tender approach. This would negate the need for OJEU tender notice and the pre-qualification process, thus saving time and money.

Table 2 – Development Programme

Milestone	Period/Date
Cabinet approval	23 August 2011
Pre-planning submission phase	September 2011 – November 2011
Outline design development phase and site investigations	November 2011 – October 2012
Main contractor selection and planning phase	November 2011 – March 2012
Stage 1 – Design development phase	March 2012 – August 2012
Stage 2 Design development and GMP phase	August 2012 – January 2013
Mobilisation and construction phase	January 2013 – March 2014
Opening	Spring 2014

- 8.7 This procurement route would involve appointing the architectural team responsible for producing the design brief and engaging them to work up detailed design, secure all the necessary planning and building consents and prepare tender documentation for the selection of a constructor. The architectural firm would be selected from the Council's current Professional Services Framework and therefore their appointment would have already been subjected to European procurement rules, avoiding any subsequent time delay this would entail. In parallel to the appointment of the

architectural design team, officers would tender for a construction company either via the Council's new Construction Framework Agreement, which it is anticipated will be operational by December 2011, or if this were not possible, via a conventional OJEU tender process. Elements of the design team would also be retained throughout the construction phase in order to act as professional advisors to the Council.

Staffing Issues

- 8.8 If members approve the recommendations contained in this report then there will clearly be implications for staff at both Goresbrook Leisure Centre and Abbey Sports Centre. The Culture and Sport management is committed to sustaining a good dialogue with staff at both sites as the plans for the new centre are developed in the same way as the previous arrangements over the closure of Wood Lane Sports Centre and Dagenham Swimming Pool. The timing of the overall project and in particular the disposal of Goresbrook Leisure Centre will impact on options open to staff at both sites.
- 8.9 There will be a smaller number of staff at the new centre compared to those at the two existing leisure centres. This change will be managed in accordance with the Council's policies and all options for redeployment will be explored for staff employed on a permanent basis.
- 8.10 A further report will be provided to Cabinet that will confirm the timing and implementation of the Goresbrook Leisure Centre and Abbey Sports Centre closures and how this will be managed to minimise the impact on staff.

Customer Impact

- 8.11 It is expected that there will be a marked increase in the number and range of people who will be able to access sport and physical activity programmes at the new centre compared to the current position with Abbey Sports Centre and Goresbrook Leisure Centre. The provision of a modern, fit for purpose facility should also realise improvements in customer satisfaction and positively contribute to the health and wellbeing of residents.
- 8.12 It is also clear from research by Sport England that the location of the new facility is ideally situated to minimise negative impact for current service users at Goresbrook Leisure Centre in terms of the distance that they will have to travel to the new centre.
- 8.13 In the design and construction phase for the new leisure centre, the focus will be on ensuring that it is physically accessible to people with disabilities. Consultation with the local disability equality forum and other disability groups will be undertaken to inform the design and layout of the centre.
- 8.14 Further, steps will be taken to ensure that the future programme will take into account the needs of groups such as children, older people, faith and minority ethnic groups. Consultation will also be undertaken with local sports clubs, customers and non-customers, and staff, to inform the final facility specification and programme to be provided.
- 8.15 The next stage will be to assess the impact of the proposed activity programme and marketing plan for the centre in terms of race, equality, gender, disability, sexuality, faith, and age and community cohesion.

- 8.16 An equality impact assessment for the Council's sport and leisure services was undertaken in 2010 and is currently being updated in the light of this scheme. Once finalised this will be reported as part of the CPMO submission process and an update will be provided to members in a future Cabinet report.

Safeguarding Adults and Children

- 8.17 The existing Goresbrook and Abbey Sports Centres are old and inefficient buildings with limited access and inadequate facilities. The new centre will provide a better quality and more accessible service, in particular, through the health and fitness offer, the 'learn to swim' programme, and teaching pool. Additionally the changing facilities to be provided will better meet the needs of families and adults with learning difficulties.
- 8.18 Current safeguarding standards for children and adults at risk that are adopted across the Council's leisure centres will be implemented at the new centre.

Health Issues

- 8.19 The provision of the new Centre on Axe Street will greatly improve the quality, range and accessibility of the sport and fitness facilities available to residents. It is considered that the provision of the new centre will be a key factor in the plans of the Health and Wellbeing Board to address the high levels physical inactivity and obesity in the borough.

Crime and Disorder Issues

- 8.20 Appropriate advice will be sought and implemented to minimise the likelihood and impact of vandalism, other types of crime and anti social behaviour at the new Centre. This will be dealt with as part of the design development and planning stage.

Property / Asset Issues

- 8.21 The current Abbey Sports Centre and Goresbrook Leisure Centre pool are no longer fit for purpose as well as being expensive to maintain and operate. The strategic case to close both of the existing centres is made only if they are to be replaced. If the replacement facility is not progressed, it is anticipated that both existing facilities will continue to operate but will require capital investment of around £2.6m in future years for maintenance, cyclical repairs and refurbishments. The Culture and Sport Division currently have no plans or budget to meet these capital cost requirements
- 8.22 As the facilities will become surplus to the requirements of the Culture and Sport Division, the opportunity for the buildings to be re-allocated to another Council service would normally be investigated. However, it is recommended that the Council's normal practice for disposing of operational buildings be waived in this case given that this proposal represents a major development opportunity within the Council's regeneration strategy for Barking Town Centre and income from the sale of the existing sites (particularly Goresbrook) is needed to help off-set the development costs of the new facility.
- 8.23 The land ownership issues are set out in section two of the report.

9 Options Appraisal

- 9.1 The options appraisal justifying constructing a new Leisure Centre rather than refurbishing the existing Abbey Sports Centre is set assessed in paragraph 3.5. The do nothing approach has been discounted because of the need to meet increasing health needs and demands for wet and dry sport provision in the Borough. In addition, the do nothing approach would result in the Council needing to spend an additional £2.6m for capital improvements to the existing Centres for which there currently are no plans or budgets.
- 9.2 Further, the ongoing costs of running the existing Abbey and Goresbrook Leisure Centres are considerably greater than if it were to be replaced by a more efficient and cost effective new build structure on Axe Street, as set out in Appendix 4.

10 Background Papers Used in the Preparation of the Report:

- Axe Street Master plan on 22 November 2005 (Minute 185)
- Local Development Framework Barking Town Centre Area Action Plan

11 List of Appendices:

- Appendix 1 Axe Street / Abbey Sports Centre Site
- Appendix 2 Goresbrook Site (Plot 1 on plan drawing)
- Appendix 3 New Build Axe Street Leisure Centre Options
- Appendix 4 Capital Cashflow Considerations