

CABINET KEY DECISION

Subject: Landholdings - North Bournemouth
Cabinet Portfolio: Resources
Corporate Lead: Jane Portman - Executive Director, Children & Families Services
Service Director: Roger Brown - Leisure
Meeting Date: 27 May 2009
Status: Non-Public as it contains exempt information as defined in paragraphs 3 & 4 in Part 1 of Schedule 12A of the Local Government Act 1972
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1.0 Summary:

- 1.1 This report follows an options appraisal for the provision of a North Bournemouth Leisure Centre, a long-standing Council aspiration.
- 1.2 The proposal is to acquire the existing 'ROKO' private sector leisure facilities at the Civil Service Sports Club site, Kinson, to create a North Bournemouth Leisure Centre as a replacement for Kinson Swimming Pool.
- 1.3 Acquisition of this site will enable
 - a replacement Centre to be fully available to the public following adaptation by October 2010;
 - an integrated community campus for North Bournemouth to be developed to incorporate Kinson Library; Kinson Village Green; Kinson Health centre; Kinson Community Centre; Pelhams Park and the Civil Service Ground
 - the other potential sites, namely the existing Kinson Swimming Pool site and the former Kingsleigh First School site to be declared surplus to Leisure's requirements and made available for alternative use.
- 1.4 This report seeks formal approval to proceed with the acquisition and adaptation of the ROKO facilities at a total cost of £6.9 million and for the project to be incorporated in the Council's Capital Programme.

2.0 Recommendation:

The Cabinet is recommended to make the following recommendations to Council :

- 2.1 To approve the acquisition of the ROKO site and the adaptation of the facilities at a total cost of £6.9 million, to be financed as follows :
Corporate Capital Funding £3.9m; Prudential Borrowing £2.5m;

Leisure S106 Funding £0.5m; and for the Capital Programme to be amended accordingly.

2.2 To approve the amendment to the Capital Programme funding enabling the release of £160K of Revenue funding to support the anticipated revenue pressures during the period to full opening.

2.3 To declare the following sites as surplus to Leisure Services' requirements:

- a) Kinson Swimming Pool site - following demolition of the existing Kinson Swimming Pool after the opening of the North Bournemouth Centre in October 2010;
- b) former Kingsleigh First School site - with immediate effect

3.0 Reason for Recommendation:

3.1 The creation of a North Bournemouth Leisure Centre to replace Kinson Swimming Pool has been a long-standing aspiration of the Council. The new Centre will address a shortfall of indoor leisure provision in North Bournemouth and assist the Council and the Health Trust's objective to increase the levels of physical activity in this area of the town. The project will also achieve more cost effective leisure provision; will release land for alternative uses, will better meet the leisure needs and aspirations of residents in North Bournemouth, and will contribute to the Council's investment priority of 'all-weather attractions'.

Supporting Information

4.0 Background Detail:

4.1 The ROKO facility, which is located adjacent to Pelhams Park in Kinson, has significant and well designed 'dry' facilities, but the swimming pool area has inappropriate depth/depth gradients and inadequate plant for operation as a public facility. Investment is required to replace the swimming provision and to provide separate 'dry side' changing rooms.

4.2 The proposal is to acquire the site in July 2009; to operate it as a private members club for 3 months as a transition period; to then extend the 'dry side' provision to casual users in October 2009; to close the swimming pool area for refurbishment in January 2010 and to open the completed facility for full public use in October 2010. This programme will allow the Centre to continue to operate whilst the refurbishment works are undertaken. The Kinson Swimming Pool would continue to be available until October 2010, when the new swimming facilities become available. At that point, the Kinson Swimming Pool will shut, the building will be demolished and the site will become available for alternative use.

4.3 An additional site, the former Kingsleigh Infants School site which was under consideration for the siting of the North Bournemouth leisure centre can also be declared as surplus to Leisure Services' requirements and made available for alternative use. This can be considered alongside the Building Schools for the Future proposals for the Kings High School site and the Parks Landholdings Review proposals for land adjacent Green Lane.

4.4 A plan is provided at Appendix 3 which identifies the ROKO site (labelled 'A'); the Kinson Swimming Pool site (labelled 'B') and the former Kingsleigh First School site (labelled 'C').

5.0 Consultation:

5.1 Consultation has been primarily with the Cabinet Members for Resources and for Major Projects. The limited consultation has been necessary because of a confidentiality agreement between the Council and Sports & Leisure Group (trading as ROKO). This was a direct response to the Council's approach to ROKO because the Centre was not up for sale.

5.2 A small project team has been working with the Deputy Leader and Cabinet Member for Major Projects to progress the discussions and consider the options. The team has included senior managers from Leisure, Property, Resources and Communications; with additional support from Legal Services and Democratic Services.

5.3 Ward Councillors were briefed this morning immediately prior to Cabinet. The Minutes of Cabinet will become public this Friday, 29 May. On that morning Officers will be briefing the existing staff at Kinson Swimming Pool and the ROKO Centre on the intended acquisition and the ROKO staff's transfer under the Transfer of Undertakings Protection of Employment (TUPE) process. A press release has also been prepared for release on Friday, 29 May.

6.0 Alternative Options considered & rejected:

6.1 Following an Options Appraisal (see Appendix 1), the clear preference is Option 2 - the acquisition of the current ROKO site. It is considered that this option provides a unique opportunity to achieve a leisure centre for North Bournemouth, with comprehensive indoor and outdoor facilities, in a very suitable location and at significantly reduced cost when compared to the new build option. It also has the benefit of early delivery with the full facilities, following refurbishment, to be available for public use within 16 months of acquiring the site.

6.2 The alternative options considered and rejected (see Appendix 1) include:

- refurbishment of the existing Kinson Swimming Pool site

- new leisure centre build at the former Kingsleigh Infants School site

7.0 Summary of Financial/Resources Implications:

- 7.1 The business case was presented and approved by the Executive Gateway Board on 11 May 2009 and is referenced in the background papers.
- 7.2 The predicted project costs are £6.9 million and a breakdown of these costs is in Appendix 2. The proposed sources of funding are as follows:

	£
Corporate Capital Funding	3,900,000
Leisure - S106 Funding	500,000
Prudential Borrowing	2,500,000
	<hr/>
	6,900,000

And the spend profile is as follows:

2009/10	£5,469,500
2010/11	£1,430,500

- 7.3 The Prudential Borrowing costs will be met from the projected revenue improvement from the operation of the new Centre (£80K surplus per annum) compared with Kinson Swimming Pool (£95K deficit per annum). The projections are based on full trading being achieved commencing 2011/12.
- 7.4 Release of the Kingsleigh First School landholding and ultimately the Kinson Swimming Pool site for alternative use could enable new capital receipts to be achieved when prevailing market conditions allow.
- 7.5 The acquisition of the existing leisure facility, together with the planned expansion of activities and user numbers, may have significant implications on the Council's VAT position, especially around the impact of the partial exemption limit. External advice is being sought as a matter of urgency. An update on the implications of this purchase and subsequent service investment on the Council's overall tax position will be provided separately to the Cabinet.
- ## 8. Summary of Legal Implications
- 8.1 The Civil Service Sports Ground is leased to Sports & Leisure Group (trading as ROKO) by the Civil Service Sports Association on a 125 year lease which commenced on 1 December 2003. The acquisition involves the purchase of the building and the benefit of the remainder of the lease which also includes the playing field and car park areas, ie. The land marked 'A' on the plan at Appendix 3.

8.2 The target date for exchange for the acquisition is 28 May 2009, with a target completion date of 1 July 2009. The Council will assume responsibility for the 37 staff currently employed at the site, through a TUPE transfer. The Centre is being acquired as an operational concern, with the transfer of plant, equipment and staff.

9.0 Summary of Environmental Impact:

The Environmental Impact checklist has been completed. The opportunity to create a community campus for North Bournemouth in an attractive park setting will improve the quality of the local environment. Leisure centres are significant users of energy and to mitigate this there will be a focus on effective energy management and promotion of access to the Centre by modes other than by car. New footpath and cycleway links through Pelhams Park to the Leisure Centre are proposed. The provision of good quality local public facilities will also reduce the need to travel.

10. Summary of Equalities & Diversity Impact:

10.1 An initial Equality Impact Needs Assessment has been undertaken. The project will address the shortfall of indoor leisure provision in this area of the town, which is a priority area for health improvement identified by the Council and the Primary Care Trust.

10.2 Consultation with the local community on the programming of the Centre will enable, in particular, the strands of age, race and religious beliefs to be fully considered, and the works programme is an opportunity to address accessibility issues for those with disabilities. The overall equality and diversity impact of the project will be positive.

11.0 Summary of Risk Assessment:

An initial risk assessment has been undertaken. The identified risk level is 'High' as a consequence of the significant capital investment and prudential borrowing associated with the project. To minimise risks, full consideration has been given in developing the costings to appropriate contingency provision (15%), a full-time project management resource and a project board to be led by an Executive Director. A full building survey is also being undertaken and a verbal update will be given to Cabinet.

Background Papers:

- Capital Gateway 2 - Business Justification - Executive Gateway Board (11 May 2009)

Options Appraisal (Version 5) – North Bournemouth Centre

The project to look at the building of a new North Bournemouth Leisure Centre, which would respond to the current and future requirements of the local community, has been in progress for over 10 years and a number of options have been considered:

Option 1 - New Leisure Centre build - Kingsleigh Infants School Site

In 2004 the Council instructed architects to design a facility on the site of Kingsleigh first school in Hadow Road, Kinson and this was duly undertaken by S & P.

This work was subsequently superseded by work undertaken by architects: Gibson Hamilton in early 2007, with a new design including:

- 25 m 6-lane swimming pool
- Learner pool with moveable floor
- Fitness suite – 422 m² + assessment room
- Cafeteria
- Dance Studio – 240 m²
- Car parking for approximately 90 cars

**Total cost - estimated to be in excess of £10.5 million at current prices
In addition the current land value of the site that would otherwise be able to be sold for other uses is estimated to be £1.25 million.**

Option 2 – Purchase of ROKO Fitness Club

In May 2008, the opportunity came about to enter discussions with Sports and Leisure Management concerning the possible acquisition of the existing Roko Fitness Club, situated in Pelhams Park, Kinson.

A number of options have been considered with the site, involving retention of the existing building envelope with redevelopment being initially confined to the swimming and dry changing facilities. Essentially, this would provide:

- 25 m 4-lane swimming pool/Learner Pool (Total 29 m in length with movable boom to provide flexibility)
- Fitness suite – 639 m²
- Cafeteria
- 2 Nr. Dance studios – total 206 m² + assessment room
- 8 x 5 a side astro turf football pitches
- Outdoor playing fields
- Car parking for 180 cars

The facilities included do not differ significantly to the proposals for facilities included in Option 1 with the actual layout of the facilities on both ground floor and first floor, very similar to the proposed facility at Hadow Road

Due to the large number of dryside facilities, including a very profitable astro turf football complex, it is anticipated that the facility could be operated to realise an operating profit of approximately £80K compared with the current trading performance of Kinson Pool which attracts an operational subsidy of approximately £95K per annum.

This would improve the revenue account by approximately £175K per annum.

This site is deemed to be more suitable than the Hadow Road site as the wider Pelhams Park, including other Council facilities, offers potential for an integrated site.

The Roko facility is, however, in the green belt and consequently any additions to the building are likely to be contentious. The only variation on this is if there are “special circumstances” but the view of planners is that there are unlikely to be any special circumstances.

Site acquisition	- £3.715 million
Essential Works	- £2.700 million
Project Management	- £0.075 million
Revenue Pressures	- £0.160 million
Total	- £6.650 million

The cost of acquiring this facility is £3.715 million plus an additional £2.70 million to upgrade the swimming pool and changing rooms to a suitable standard for the anticipated levels of public use.

A sum of £100K has been allocated for the demolition of the Kinson Pool Site and a further provision of £160K made for the revenue loss on the project in two years 2008 – 2010.

Option 3 – Refurbishment of existing Kinson Pool site

The Kinson Pool site, built in the late 1960’s with a predicted life of 20 years, is after nearly 40 years nearing the end of its economic life. Whilst some of the pool plant has been replaced over the years much of the building and equipment is original.

The view of the architects (Gibson Hamilton) is as follows:

The condition of the existing building because of its age and condition, is unlikely to be appropriate for refurbishment. The options available for Kinson Pool are therefore as follows:

- I. Modification and refurbishment of the building retaining the existing 20 yard pool would cost approximately:
£2 million.
- II. Modification, refurbishment and an extension to the building capable of accommodating a 25 metre pool tank, would cost approximately:
£3.5 million

To invest in the Kinson Pool site would raise a number of problematic issues as highlighted by the architects Gibson Hamilton:

- The current subsidy provided to each of the 55,000 users per annum is £2 per user. This is due to there only being a swimming facility on site. There would need to be extensive more profitable dryside facilities available to reduce the current operating deficit. However the site is inadequate to accommodate the range of facilities envisaged at either Hadow Road or the Roko site. The presence of the existing mature trees and the steep gradient on the southern and western aspects of the site limits the available land for an enlarged facility.
- Even an increase the length of the current pool to a standard 25 metre length, would reduce the number of car parking spaces to less than 30
- There are no other locally based community services that could integrate with this facility.

North Bournemouth Project : Predicted Project Costs

	£
Site Acquisition	3,715,000
Works Contract	1,940,000
Consultant	260,000
Procurement - Fees	
Equipment Renewal (5 year programme)	250,000
Project Management	75,000
BREEAM (5% of overall cost to meet 'Very Good' rating	100,000
Contingency (increased to 15% based on good project management experience)	300,000
Demolition cost of Kinson Pool site	100,000
Revenue pressures during transition & construction period (2009-10 & 2010-11)	<u>160,000</u>
Total Funding Requirement	<u>6,900,000</u>