

Feasibility Report into the delivery of a Sports Centre for Kidsgrove and surrounding locality

Background

1. In July 2014, The Active and Cohesive Scrutiny Committee was appointed by Cabinet to produce a feasibility report on the future of Kidsgrove Sports Centre which will be presented to the Council's Cabinet and inform a future detailed business case for the replacement or refurbishment of the Centre.

2. The Committee addressed the following key questions:

- What facility mix does Kidsgrove need?
- How much will development options cost to build and then operate?
- Which sites are most suitable for re-provision linked to a development solution?
- What designs will work for each facility mix and site option?
- Is refurbishment a viable option and how does it compare to the redevelopment options?
- How can the re-provision of the Sports Centre be procured and what are the timescales?
- How could the re-provision be financed?
- What should the Council do next in order to progress the project?

3. This report does not represent a final commitment to the scheme; indeed it identifies a significant funding gap. If the Council wish to proceed further, it does represent the point at which some levels of expenditure will need to be incurred to take the project forward, as the next steps will require a range of professional services, site investigations and surveys, etc.

4. The Active and Cohesive Scrutiny Committee are satisfied that the scheme is desirable and viable, and that therefore the Council should take the decision to proceed.

What facility mix does Kidsgrove need?

5. The Council's ambition is to re-provide the leisure facilities at Kidsgrove Sports Centre, taking account of future need, changes in population and demographics and supply of facilities within the Kidsgrove catchment.

6. The findings from the needs analysis and supply and demand analysis have confirmed that a more focused facility mix would still meet the needs of the majority of residents in Kidsgrove.

7. The current core facility mix was developed in the 1970's and subsequently converted over time but it fails to make optimum use of space and as such the Committee is of the view that the current facility is larger than it needs to be to meet current and future need.

8. The needs analysis and supply and demand analysis has informed two facility mix options for further exploration, Options A and B. Option B to be accommodated within a refurbishment of the existing Centre.

9. Option A (new build) is based on what the Committee’s analysis shows is the minimum provision and as such does reduce some elements of the current facility mix. It increases health and fitness provision and uses flexible space to meet modern requirements. It features a six lane swimming pool plus learner pool. It relies on the school providing a three (or four) court sports hall and outdoor synthetic and grass pitches, for joint-use by both the school and community. This reflects Kidsgrove’s actual needs now and in the future, taking account future population growth.

10. Option B (refurbishment) is based on the analysis but takes into account the requirements of current stakeholders and users. This is a refurbishment of the existing facility, but would require closure for up to 20 months. A new build on the current site (Option A) has also been explored and would result in the demolition of the existing centre.

Which sites are most suitable for re-provision linked to a development solution?

11. Out of eight sites evaluated, the current site, scored highest in a review by the Committee in relation to access, transport issues, planning and environmental factors. The Hardingswood Road site had more issues, but still could accommodate a new sports centre. No sites considered offered development potential that could contribute to funding the sports centre.

Table 1: SWOT Analysis				
Site	Strengths	Weaknesses	Opportunities	Threats
Liverpool Road	Close to town centre. In Council ownership.	Site constraints make the development difficult. In particular the topography and trees.	The development would have a positive impact on the town centre economy.	Abnormal groundwork costs may be prohibitive
Heathcote Street	Town Centre location	The site is on a steep hill	Access to existing car parking	Site allocated for sheltered housing
Clough Hall School	Existing centre established on site.	Out of town centre	Joint use of school facilities to enhance offer	There would be no provision for a time, during construction works.
Station Road	Excellent Transport links and	Possible need to strengthen	Develop as part of Transport Hub	Insufficient space for sports centre

	parking	Bridge for construction traffic		and transport hub
Birchenwood (Bowling Green, Tennis Courts and Pavilion)	In Council ownership. Location linked with existing outdoor sports provision (tennis and bowls)	Green belt. It will take until at least 2018 for Local Plan review to consider possibility of moving out of green belt. Former land use/filled land.	None	Abnormal groundwork costs may be prohibitive.
Birchenwood (Mount Road)	In Council ownership. Location linked with existing outdoor sports pitches.	Green belt. It will take until at least 2018 for Local Plan review to consider possibility of moving out of green belt. Former land use/filled land.	None	Abnormal groundwork costs may be prohibitive.
Clough Hall Park	In Council ownership	Poor access, site constraints mean it is not suitable.	None	Loss of playing field.
Hardingswood Road	Close to town centre and public transport routes.	Council would need to procure the site and in so doing probably relocate the Working Men's Club.	The development would have a positive impact on the town centre economy.	A number of ground conditions need further investigation.

How much will development options cost to build and operate?

12. Table 2 shows the construction cost and development cost on potential sites at today's prices (which takes account of professional fees / any demolition costs etc.). Three options are presented: The cost of refurbishing the existing centre, the cost of building a new centre to meet Sport England

specification and a proposal to develop a new centre with a broad budget envelope of £5m – the same cost as the refurbishment. This ‘value’ option has been added as there is concern that the refurbishment option gives a 12 year lifespan, compared to a 25 to 40 year lifespan for a new build and the Committee are keen therefore to explore an alternative to the cheaper option.

Table 2: Cost of Construction and Development Option	Construction Cost	Total Development Cost
Refurbishment of KSC	£4,500,000 (excluding sports hall and astroturf pitches)	£5,040,000
New Build on existing	£7,700,000	£8,781,000 including demolition costs (to be met by County)
New Build on Hardingswood Road	£7,700,000	£8,850,000 + land purchase anticipated to be £250,000
Value Build		£5m Broad cost envelope.

13 Officers have undertaken some detailed business planning for each of the options and a summary of the projected revenue performance can be seen in Table 3.

14. Table 3 shows the surplus/deficit projected for the Base Year and 5 years respectively, for each of the options, both excluding and including lifecycle costs (which feature the on-going costs of maintenance and repair). Please note these figures do not include inflation.

	Option A	Option B
Base Year		
Income	£580,752	£510,541
Expenditure	£840,318	£752,228
Surplus/ Deficit – Excluding lifecycle	£232,066	£209,812
Surplus/ Deficit – Including lifecycle	£259,566	£241,687
5 Years		
Income	£3,516,686	£3,063,311
Expenditure	£4,385,972	£3,925,389
Surplus/ Deficit – Excluding lifecycle	£731,787	£710,703

Surplus/ Deficit – Including lifecycle	£869,287	£870,078
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15. The refurbishment figures (Option B) assume that the income is retained for the sports hall and all weather pitches, circa £60,000 pa. Dependant on the arrangements post March 2016, when the current joint use agreement expires this may or may not still be the case. The refurbishment cost would give a twelve year lifespan, whereas the new build would give a 25 year operation before the need to refurbish.

What designs will work for each facility mix and site option?

16. The Committee explored the sites that met minimum requirements and were potential locations for Options A and B. At this point no site has been explored in detail, but potential sites for more detailed evaluation have been identified. The minimum requirements can be fully accommodated on the sites considered.

17. Example designs for the refurbishment (Option B) have been considered and Option A would be based on Sport England’s Optimum Swimming Pool Design.

How can the re-provision of the Sports Centre be procured and what are the timescales?

18. The re-provision of Kidsgrove Sports Centre can be procured in a variety of ways – these include, through the Council developing the re-provision itself through a main contractor or as an integrated element of a management contract which would need to be established. Alternatively there are a number of companies that have developed leisure facilities and leased them back to the local authority for them (or their Trust) to operate.

How could the re-provision be financed?

19. The sites considered do not present any obvious opportunity for any other development other than the sports centre. The assessments therefore have failed to indicate any significant contributions arising from the sale / redevelopment of existing Council owned land. No potential developer contributions have been identified through the planning process. Site analysis has not identified any major contributions from the disposal of existing council owned land. However negotiations are taking place over the disposal of Gloucester Road, for residential use and this could generate up to £180,000. In addition there is potential to dispose of Liverpool Road, but as part of the site is currently in green belt, the prospect is a minimum of five years hence.

20. The Council has modest financial reserves, but currently none of this is allocated to support contributions for the re-provision.

21. The Council could look to use Prudential Borrowing over a 25 year period. The amount raised would be dependent on the overall savings available against the current operating costs allowed for in the MTFs which would be

influenced by which option was selected, savings on repairs and maintenance which are currently being spent on the existing Sports Centre.

22. It is likely that some partnership and grant funding would be available; the amounts dependent on the option chosen but at this stage it would be prudent to assume that this may still leave the majority of the costs to be found by the Council.

23. From the above high level analysis, due to considerable uncertainty, there is a significant funding gap at present which would need to be explored in greater detail through a business case and procurement strategy for Members' consideration, to include the use of private sector capital.

What should the Council do next in order to progress the project?

24. The choice of site and facility mix is ultimately one for Elected Members and a report is being prepared for December Cabinet so this is to happen in the near future. This will facilitate officers to look at a number of other factors, including links to the Joint Core Strategy, further consultation with partners and the timing of any planning applications from developers and disposal of assets by the Council.

25. The recommendation is that the Cabinet considers and seeks to refine site options and facility mix and following this focuses on an affordable funding solution linked to the procurement of a replacement sports centre for Kidsgrove.

26. Summary of financing options:

The projected costs: Option A (new build) is £8.5m to £9.0m
 Option B (Refurbishment) is £5m
 Option C (Budget) £5m

Potential funding contributions:

- Newcastle Borough Council Capital Programme: Subject to there being funding available through the disposal of surplus land assets, a contribution could be considered against other pressures and priorities.
- Sport England: Dependant on compliance with Sport England standards, a grant may be secured from one of their programmes of up to £500,000. (NB Jubilee2 was awarded £400,000)
- Staffordshire County Council: The District Deal between Staffordshire County Council and Newcastle Borough Council provides the two organisations the opportunity to work together on the provision of suitable leisure and educational facilities. Discussions with Staffordshire County Council taken place with an expectation around £1m.
- Public Health: Following the transfer of public health responsibilities to SCC, a request to support the project to a similar value of that made to Jubilee2 (£500,000) could be made. However it is likely that Public Health are not able to offer capital grants
- Prudential Borrowing: Consideration of prudential borrowing would represent a change in the Council's current policy.

- Private sector lease back: This option could be explored in more detail, but overall the financial terms would be less favourable than Council borrowing.

4 November 2014