

Decision Maker: EXECUTIVE
PRE-DECESSION SCRUTINY R&R PDS 27 MARCH 2018

Date: Wednesday 28 March 2018

Decision Type: Non-Urgent Executive Non-Key

Title: WEST WICKHAM LEISURE CENTRE AND LIBRARY
REDEVELOPMENT

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Chief Officer: Colin Brand, Director of Regeneration

Ward: West Wickham;

1. Reason for report

This report advises Members as to the opportunity to redevelop the West Wickham Leisure Centre and Library sites, which will generate funding for a new replacement leisure and library facilities on the existing Leisure site by the inclusion of a residential development.

2. **RECOMMENDATION(S)**

- 2.1 To note the contents of this report and to agree to the redevelopment of the Leisure and Library sites, subject to final Executive approval prior to Planning submission.
- 2.2 To agree that Officers proceed with Detailed Planning in respect of the replacement Leisure and Library facilities and Planning with Reserved Matters in respect of the residential elements on the Library and Leisure sites in accordance with the Consultancy and Survey Fee estimate of £913k.
- 2.3 To agree that Officers undertake the necessary works to market the scheme and appoint a developer to deliver the scheme in accordance with the £80k fee estimate. The outcome of which will be reported back to Executive prior to the final selection of a developer for approval.
- 2.4 That Officers undertake a Procurement exercise to appoint a Leisure Operator in advance of the development so that the operator can input into the detailed design of the new facility. The outcome of which will be reported back to Executive prior to the final selection of a Leisure Operator.

2.5 To agree that the £993k is funded from the 2017/18 Central Contingency and that the scheme is added to the Capital Programme.

Impact on Vulnerable Adults and Children

1. Summary of Impact:

It is considered that there will be no long term impact on vulnerable adults or children as the existing offering of library and leisure facilities will be replaced. There will be a lack of provision of leisure facilities during the construction phase of the scheme – estimated to be 24 months.

Corporate Policy

1. Policy Status: Existing Policy:

2. BBB Priority: Excellent Council Quality Environment Vibrant, Thriving Town Centres Healthy Bromley Regeneration:

Financial

1. Cost of proposal: Estimated Cost: £993k

2. Ongoing costs: Non-Recurring Cost: N/A at this stage

3. Budget head/performance centre: Capital Programme

4. Total current budget for this head: £N/A

5. Source of funding: Under spend from the 2017/18 Central Contingency

Personnel

1. Number of staff (current and additional): N/A

2. If from existing staff resources, number of staff hours: N/A

Legal

1. Legal Requirement: None:

2. Call-in: Applicable:

Procurement

1. Summary of Procurement Implications: Separate procurement exercises would be undertaken to secure a new Leisure Operator for the facility and a Developer to deliver the scheme.

Customer Impact

1. Estimated number of users/beneficiaries (current and projected):

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Yes

2. Summary of Ward Councillors comments: Two meetings with Ward Members have been held and the above approach and initial outcomes have been provided to them.

3. COMMENTARY

- 3.1 The West Wickham Leisure facility and the West Wickham Library are well used facilities but are outdated in design terms and require significant investment in terms of maintenance and asset replacement in order for them to carry on providing existing services. West Wickham was built in 1967 and last refurbished in 2003.
- 3.2 The existing Leisure Operator (Mytime Active) has identified that the facility is in need of significant investment in order to make it an attractive and viable offering. Initial estimates to bring both properties up to a sustainable standard have indicated sums in excess of £1m. The Mytime Active agreement is due to expire shortly and therefore the provision of a new operator for this facility can be market tested.
- 3.3 Consequently Officers have been investigating how these facilities could be replaced by releasing for development the land assets they occupy to fund replacement facilities.
- 3.4 Through the TFM Contract, Cushman and Wakefield were instructed to investigate the feasibility and viability of how to provide new leisure and library facilities at the site of the existing West Wickham Leisure Centre, supported financially through the sale of the two sites as residential development opportunities to a developer to deliver utilising their own financial resources.
- 3.5 In order to assist this process Cushman and Wakefield selected, following a mini competition, Pick Everard, an Architectural and Design Practice Firm who had suitable experience in the design of leisure facilities.
- 3.6 A high level capacity study to consider the optimum mix for the site, with the aim of optimising the site value, whilst re-providing the existing community facilities (leisure centre, library), has been provided the Council in considering the viability of the development and to aid the eventual site disposal.
- 3.7 This work has included an initial concept for the development of the site together with a high level massing / capacity study to help consider the appropriate quantum of development having specific regard to the re-provision of the existing facilities, other uses to provide cross funding such as housing and the sites general viability.
- 3.8 The proposed concept scheme provides for a new Leisure Facility comprising of a 25M 6 Lane Pool and Learner Pool. The design has been developed with reference to Sports England specifications and is considered to be a viable offering for the requirements at West Wickham. The new Leisure Facility will also provide studio space and a gym. The future Leisure Operator will need to put their input into the design and the timescales detailed further on in this report allow for that input to take place. It should be noted that the Library floor space will be at least the same size as the existing Library facility.
- 3.9 The Pick Everard High Level Capacity Study is attached at Appendix 2.
- 3.10 The Capacity Study shows that new replacement leisure and library facilities can be provided on the existing leisure site, allowing for disposal of the surplus sites for residential development based on 91 Flats (73 on Leisure site and 18 on Library site).

- 3.11 It should be noted that an option to acquire adjoining properties to enable a larger site footprint was considered but eliminated due to the negative impact on viability in that the acquisition costs would outweigh the additional disposal receipts from the increase in density of the scheme.
- 3.12 Cushman and Wakefield have also undertaken an initial Appraisal as to the costs of development of the concept design and the potential disposal receipts the scheme would generate. In addition a small number of site surveys have been commissioned to ensure that the ground conditions of the leisure site will allow for routine development. These are yet to be finalised, however no cause for concern has been raised at the time of writing this report.
- 3.13 The cost of the redevelopment scheme can be broken into two elements. The cost of provision for each element is detailed below but it should be noted that each is interdependent on the other for deliverability:
- 1) The provision of new leisure and library facilities together with the provision of a residential development on the existing leisure site – cost £30.5m
 - 2) The provision of a residential development on the existing library site – cost £5.4m.
- 3.14 The total cost of provision of the scheme amounts to £35.9m. This sum will be borne by the Developer and includes an allowance for Developers profit. The costs incurred in Planning and survey fees – detailed at Appendix 1 are also included within this figure.
- 3.15 The anticipated disposal receipts for the two residential developments amount to £34.6m (£28.3m Leisure Site and £6.3m Library Site).
- 3.16 Therefore there is an estimated shortfall of £1.3m, which would be underwritten by the Council, and recovered from the amortised income received from the Leisure Operator. Assuming a minimum figure of £7per Square Foot (noting that income could be derived on a rental or profit share basis – the figure of £7 is based on initial discussions with potential operators and there is scope to increase this sum) ,the leisure Centre (based on 18,686 SqFt) could produce an annual rental of £130,800. Assuming a 6% rate the shortfall would be paid back in circa 15 years.
- 3.17 Meetings with Ward Members have been held and the above approach and initial outcomes have been provided.
- 3.18 Cushman and Wakefield in conjunction with Pick Everard have been instructed to prepare a cost estimate and time scale for the delivering the scheme in terms of securing planning permissions and taking to market secure a developer to deliver the scheme.
- 3.19 In order to safeguard the Council’s key objective of providing replacement leisure and library facilities, it is recommended that the Council obtain Detailed Planning Approval for the design of these elements and Planning with Reserved Matters Approval in respect of the residential elements. This will ensure that the developer of the site will provide the Council with what it has specified whilst allowing potential changes to the residential element should the developer so wish.
- 3.20 Once the design and planning work has been undertaken, a report will be presented to the Executive (and Council if appropriate) for approval of the details and terms of the development, and requesting any additional sum to be added to the scheme in the

Capital Programme. The report will include further details of the estimated cost of the scheme, and consideration of how the risk relating to the net cost to the Council (see paragraph 3.16) will be managed e.g. if the cost of the development is higher than anticipated, or the total receipts are lower than estimated.

3.21 It is estimated that the marketing and OJEU process management/evaluation will cost circa £80k.

3.22 The table below summarises the initial cost of the scheme to deliver the planning outcomes and design work required with the full detail of the various cost elements attached as Appendix 1: -

Estimated Costs	£'000	£'000
Fees		
C & W costs	115.7	
Other Professional Fees	<u>752.3</u>	
Total Fees		868.0
Survey costs		45.2
Marketing & cost of developer		80
Total estimated costs		<u>993.2</u>

3.23 In terms of a % against the anticipated cost of the provision of the scheme these initial costs represent circa 2.77%.

3.24 As the design of the scheme progresses with input from both the, yet to be appointed, Leisure Operator and Greenwich Leisure Ltd in respect of the library a marketing strategy will be developed to attract suitable developers. Due to the sums involved the Council will need to procure the developer through an OJEU process.

3.25 Assuming that the Executive agree to the recommendations contained within this paper then the following timescales for delivery would be adopted:

04/18 – 03/19	Pre-construction period within which planning permission is obtained and conditions satisfied. Executive approval will be sought as to the final design prior to Planning submission.
	Competition to find Leisure Operator (April – July)
02/19 – 03/19	Marketing and OJEU preparation to commence on receipt of planning.
04/19 – 10/19	OJEU Process.
11/19 – 12/19	Bid Evaluation.
01/20 – 02/20	Contract Stage.
03/20 – 03/22	Site Development.
04/22	Site Completion.

3.26 It is therefore recommended that the Executive agree to the above costs and timescales.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

4.1 It is considered that there will be no long term impact on vulnerable adults or children as the existing offering of library and leisure facilities will be replaced. There will be a lack of provision of leisure facilities during the construction phase of the scheme – estimated to be 24 months.

5. POLICY IMPLICATIONS

5.1 The Council’s aims include being an authority which manages its assets well.

6. FINANCIAL IMPLICATIONS

6.1 Member approval is sought to allocate £993k from the 2017/18 Central Contingency to undertake the initial work of the scheme in order to deliver the planning outcomes and to add the scheme to the capital programme.

6.2 It is anticipated that the overall scheme will cost £35.9m and will generate disposal receipts of £34.6m from the two residential developments. There is therefore a potential net shortfall of £1.3m. It is hoped likely that circa £131k annual rental income may be generated from the leisure facility.

6.3 It should be noted that it is likely that there will be a potential net reduction of income of £83k as a result of the loss of the car park.

7. LEGAL IMPLICATIONS

7.1 Section 123 of the Local Government Act 1972 requires a local authority to secure the best consideration reasonably obtainable when it disposes of land (other than on a lease of 7 years or less) unless it has the benefit of an express or general consent of the Secretary of State.

7.2 In this instance both sites will be subject to market testing and therefore the Council will be able to satisfy itself that it has received best consideration.

8. PROCUREMENT IMPLICATIONS

8.1 Separate procurement exercises would be undertaken to secure a new Leisure Operator for the facility and a Developer to deliver the scheme.

Non-Applicable Sections:	Personnel Implications
Background Documents: (Access via Contact Officer)	[Title of document and date]

Appendix 1

	Outline - Residential with externals £	Detailed - Leisure & Library with externals £	Outline - Residential on existing Library Site £	Total £
C & W PM, Reporting & Viability / Feasibility				52,500
C&W Planning				63,150
Sub Total C & W costs				115,650
Cost Consultant	0	0	1,000	1,000
Principal Designer	0	0	500	500
Architecture	0	0	5,500	5,500
Fire Eng. (early advice)	0	0	550	550
Structural	1,000	1,000	500	2,500
Civil Eng.	1,000	1,000	500	2,500
ME&Ph	2,500	3,000	1,500	7,000
Thermal Modelling	1,000	1,000	500	2,500
Landscape Arch	500	500	250	1,250
Sustainability (early advice)	500	500	500	1,500
Acoustic Eng. (early advice)	1,500	1,500	1,000	4,000
Cost Consultant	29,400	18,750	12,150	60,300
Principal Designer	12,600	10,500	3,240	26,340
Architecture	140,000	125,250	37,800	303,050
Fire Eng.	2,800	5,250	1,620	9,670
Structural	51,800	38,325	12,150	102,275
Civil Eng.	16,800	15,750	5,130	37,680
ME&Ph	44,800	48,750	14,040	107,590
Thermal Modelling	4,340	6,075	1,377	11,792
Landscape Arch	7,000	9,000	2,700	18,700
Sustainability	1,540	7,800	999	10,339
Acoustic Eng.	14,000	15,000	6,750	35,750
Sub Total Professional Fees	333,080	308,950	110,256	752,286
Total Fees	333,080	308,950	110,256	867,936
Cost of Surveys				
Topographical (Library only) & Building Surveys – suggest PointCloud Surveys		8,000	4,000	12,000
Tree Surveys (Arboriculturalist)		0	750	750
Incoming services/ below ground services/ utilities surveys GPR		2,000	1,000	3,000
Geotechnical Survey (trial pits, boreholes and borehole logs, geology of site)		11,500	5,000	16,500
Asbestos Survey (Management survey)		2,000	1,500	3,500
Flood Risk		1,500	750	2,250
Bomb Surveys (unexploded ordnance(UXO) – Desk top		1,500	750	2,250
Air quality assessment		1,500	750	2,250
Noise Assessment		2,000	750	2,750
Total Surveys		30,000	15,250	45,250
Marketing of scheme & appointment of developer				80,000
Total (Consultancy Fees & Surveys)	333,080	338,950	125,506	993,186