

Decision Maker: EXECUTIVE
For pre decision scrutiny by the Renewal, Recreation and Housing
Policy, Development and scrutiny Committee on 7 May 2019

Date: Executive - 21 May 2019

Decision Type: Non Urgent Key

Title: WEST WICKHAM LEISURE AND LIBRARY REDEVELOPMENT

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Chief Officer: Colin Brand, Director of Regeneration

Ward: West Wickham

1. Reason for report

- 1.1 This report updates Members on the progress of the West Wickham Leisure and Library Development and the feasibility study.
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2. RECOMMENDATION(S)

The Renewal, Recreation and Housing PDS Committee are asked to note and comment on the content of this report, prior to the Executive being asked to:

- 2.1 Approve the recommended design concept set out, as set out in para 5.
- 2.2 Approve market engagement with Developers and Housing providers in relation to the tenure of the housing provision.
- 2.3 Note that a Detailed Design with cost estimates will be presented to the Executive in July, prior to applying for Planning Consent.

Corporate Policy

1. Policy Status: Existing Policy: Further Details
 2. BBB Priority: Excellent Council Supporting Independence:
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Financial

1. Cost of proposal : Not known at this time
 2. Ongoing costs: Not applicable at this stage
 3. Budget head/performance centre: Capital Programme
 4. Total current budget for this head: £993k
 5. Source of funding: 2017/18 Central Contingency
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Staff

1. Number of staff (current and additional):
 2. If from existing staff resources, number of staff hours:
-

Legal

1. Legal Requirement: Statutory Requirement:
 2. Call-in: Applicable:
-

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:
Meetings have been held with Ward members throughout the design feasibility process, and Members have been actively engaged in working with officers to define the optimum design, in terms of facilities for the community as well as financial requirements.
Officers have attended meetings with service users, as well as local clubs that utilise the existing facilities in order to obtain feedback.

3. BACKGROUND

- 3.1. The West Wickham Leisure and Library facilities are both well utilised sites; however, both sites are outdated and will over the short and long term require significant investment in terms of maintenance. In 2017 Officers instructed Cushman and Wakefield, under the total Facilities Management (TFM) Contract, to undertake a high level feasibility and viability study to consider 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. This work was undertaken, and the initial capacity study indicated that a new leisure centre, to Sports England specifications, and a library facility matching the equivalent space, could be accommodated on the existing leisure centre site, with remaining capacity for approximately 73 residential flats, plus a further capacity of 18 residential units on the existing library site.
- 3.2. The estimated cost to the Council of the redevelopment of the facility was originally in the region of £1.3m. This was based on the estimated costs of re-provision of leisure and library facilities, plus residential units on the existing leisure site, of £30.5m, with the estimated costs of the residential units on the existing library site of £5.4m. The total cost of the provision of the scheme amounting to £35.9m, to be borne by a developer (this sum allowed for developer profits). The anticipated disposal receipts of the 2 residential developments were estimated to be in the region of £34.6m (£28.3m leisure sites and £6.3m library site). These cost assumptions were based upon private residential units only.
- 3.3. Based upon the above information, in March 2018, the Executive (Report No. DPR 08/081) considered and approved recommendations to scope the potential of re-providing the facilities in further detail.

4. CONCEPT DESIGN UPDATE

- 4.1. The detailed feasibility work, commenced in October 2018, following the successful appointment of Perfect Circle, a built environment consultancy, who are utilising the expertise of Pick Everard and Montagu Evans.
- 4.2. The feasibility work has focussed on the key principles provided in the brief:
 - A new community facility, incorporating a quality designed library and leisure centre
 - A leisure centre that complies with Sports England Standards
 - Maximise residential land value
- 4.3. The earlier feasibility work undertaken by Cushman and Wakefield, indicated a shortfall of £1.3m in funding of a new facility, which was anticipated could be recouped via the rental income of a leisure provider over a 15 year period. The original feasibility work had also only considered the private sale of residential units. However, the more detailed feasibility work has seen costs rise, therefore increasing the net shortfall. The rise in costs has been due to the following key factors:
 - Rise in construction costs
 - Lower residential value
 - Inflation
 - Developers profit (or constructors profit)

- 4.4 Given the continuing financial challenges facing the Council, as well as shortage of affordable housing, the detailed feasibility work has therefore focussed on meeting the development requirements, whilst reducing the Capital funding requirements from the Council.
- 4.5 A key consideration has been the tenure of the residential units that could be developed on site, which if given to affordable housing have the option to reduce the Council's spend on temporary accommodation. The growth in the potential capital financing requirement has resulted in the officers reviewing the mix of residential units on the site(s) to ensure best value for the overall programme going forward, including giving consideration to affordable housing options. Whilst this has added some time to the current programme, this has been a significant piece of work.
- 4.6 If the recommendation to proceed with a development is taken, the mix of tenure will continue to be explored in order to inform the most optimum mix of residential dwellings in order to meet housing needs across the Borough and will form part of the planning process, and would therefore be included in any final recommendations to the Executive.

5. OPTIONS APPRAISAL

5.1 After various iterations with the Design Team, informed by Ward member briefings and feedback from engagement meetings with stakeholders, the following options are now being presented to the Executive for consideration.

5.2 **Option 1:** Withdraw Funding/Investment Plans in West Wickham Leisure and Library Development

5.2.1 The Council could give consideration to no further plans for a new leisure centre. This will overtime give rise to increasing maintenance costs, and is likely over time to make the leisure centre non-viable to operate due to the conditions of the facilities.

5.2.2 Unless the building is 'mothballed', there will be a requirement for ongoing landlord's maintenance. The condition of the building will result in increased costs on maintenance that make the option of doing nothing, non-viable. An indicative sum of circa £2m is estimated to be required to bring the leisure centre up to date, and this would make no provision for a library on site, or any additional housing. A further investment in to the library site would also be required in order to sustain the facilities. This option is therefore not being recommended.

5.3 **Option 2** – Continue with proposed investment plans for a new leisure and library community facility, and proceed with one of the identified options set out below, noting that all options are subject to a viable financial model including funding requirements, obtaining planning permission and the selection of a development partner:

5.3.1 Option 2a: A new leisure and library development, that would provide;

- a new modern library, offering a similar capacity to the existing West Wickham library;
- a leisure centre that meets with Sports England Requirements, (noting this is a 25m lane pool, as opposed to the existing 33m lane main pool, plus a small training pool);
- 88 residential units – tenure to be determined.
- 125 car parking spaces, a split to be determined between the leisure and residential units (the current leisure centre has capacity of 65 spaces).

- The proposed development would require significant excavation of the site, increasing costs by circa £3m as well as survey fees for the level of works to be undertaken.
- Please see the Appendix for illustrations of this option.

5.3.2 Option 2b: A new leisure and library development, that would provide;

- a new modern library, offering a similar library space to that provided now.
- a leisure centre that meets with Sports England Requirements, (noting this is a 25m lane main pool, as opposed to the existing 33m lane main pool, plus a small training pool);
- 93 residential units – tenure to be determined. Provided over 2 buildings, with 61 units in the same building as the leisure, library and community facility and a further 32 units in a separate building.
- 95 car parking spaces, a split to be determined between the leisure and residential units. Members of the public have suggested that the Leisure operator could operate the car park, and whilst this would result in some income to the Council this could be offset through the leisure operator rental income stream, in addition to being an incentive for leisure centre users to utilise the car park away from street parking if able to do so for a free period.
- The proposed development significantly reduces the cost as this does not require substantial excavation works, as the car park is on ground level only. The works are also likely to be completed sooner, given the reduced excavation requirements.
- Please see the Appendix for illustrations of this option.

5.3.3 Option 2c: A new leisure and library development, that would provide;

- a new modern library, offering a similar library space to that provided now.
- a leisure centre that meets with Sports England Requirements, (noting this is a 25m lane main pool, as opposed to the existing 33m lane main pool, plus a small training pool);
- 90 residential units – tenure to be determined. Provided over 2 buildings, with 58 units in the same building as the leisure, library and community facility and a further 32 units in a separate building
- Activity space (utilising the space of 3 residential units) that would allow for activities that currently take place at the library, plus increased space for exercise and gym classes in the evening. This is also likely to increase the leisure centre rental income stream
- 95 car parking spaces, a split to be determined between the leisure and residential units. As above the leisure operator could manage the parking.
- As above, the proposed development significantly reduces the cost as this does not require substantial excavation works. There is a reduction in sales revenue or temporary accommodation savings, which increases the cost to the Council, but this, is offset in part by the increased leisure centre rent.
- Please see the Appendix for illustrations of this option.

5.4 Option 2b and 2c, also gives more flexibility in terms of considering a split of tenure, with the option to have one of the buildings for

affordable housing and one building for private sales.

6. RECOMMENDATION – PREFERRED OPTION

- 6.1 As a result of the more detailed feasibility work in conjunction with stakeholder feedback, officers are recommending that the Executive approve option 2c, and continue with detailed design work for this option and feasibility studies.
- 6.2 Option 2c, protects library facilities, in what is the 4th busiest library in the borough, will provide a modern leisure facility, with enhanced community space, as well as much needed housing supply, contributing towards the Council’s target of 641 new homes (as set out in the Local Plan), reducing pressure on housing budgets and would significantly contribute towards reducing homelessness in the Borough.
- 6.3 Introducing affordable housing also brings other benefits to the community. When new housing is developed there is a risk that this brings further pressures on other community facilities, including education, health and social care. Affordable housing ensures that the accommodation is given to Bromley residents, minimising any adverse effects on other services.
- 6.4 Affordable housing is also likely to attract grant funding for housing developers to contribute towards the viability of the scheme.
- 6.5 In order to complete the detailed design and feasibility work, the project team are seeking to undertake soft market engagement with developers and housing providers to fully determine extent of interest in such a scheme.
- 6.6 If Members approve the recommended option, an indicative timescale is set out below:

Soft market engagement with developers and housing providers	May 2019
Report to the Executive with full Cost Estimate of Development, and risk register	July 2019
Development of Detailed Design & Public Engagement	July 2019- December 2019
Report to Executive of Detailed Design (prior to planning)	February 2020
Submission of Planning Application, and Public Consultation	March – June 2020
Developer Appointment	May 2020-October 2020
Construction due to begin	April 2021
New Facility	April 2023

7. STAKEHOLDER ENGAGEMENT

- 7.1 Ward Members, existing operators, wider leisure operators and leisure service users have been engaged with to seek views on the initial concept design. In addition officers have also engaged with specific user groups of the leisure facilities as well as those that have identified a

community interest in the re-provision of the facilities. A press release, including an early illustration of the concept design has been distributed.

7.2 User groups have expressed various comments, which any detailed design and planning would take into consideration. Key themes and responses have been provided below:

Impact on local residents, including parking.	It has been suggested by local residents that parking could be managed by the leisure operator, which would ensure that leisure and library users make use of the parking facilities, alleviating parking on the local roads.
School placements and impact on other key services, such as GPs.	The Council always works across departments to manage infrastructure resources. Having some affordable housing would ensure that housing is for Bromley residents.
Temporary closure of leisure facilities	Officers have met with specific current user groups, who have been overwhelming understanding of the position of a closure, and have asked for notice to ensure they can source alternative accommodation. However it is recognised that the facilities would close for approximately 2 years for demolition and redevelopment.
Desire for a refurbishment of facilities over a new development	This is not financially advantageous. The indicative final costs of a redevelopment outweigh the costs of an entire redevelopment. A refurbishment would also not support much needed additional housing.
Relocation of the library service	The proposed new development would be a short bus ride to the current leisure centre site, and for many residents also more accessible.
Who will operate the new leisure facilities?	A competitive tender will determine the operator of any new facility.
Will the leisure centre still operate the same classes?	Any tender will consider the existing use and the needs of the community.

7.3 Further engagement and consultation is also scheduled as part of the programme plan, once full financial viability has been fully tested.

8. POLICY IMPLICATIONS

- 8.1 The Council's aims include being an authority which manages its assets well. Increasing housing supply is also set out in the homelessness strategy.

9. FINANCIAL IMPLICATIONS

- 9.1 There are no further financial implications at this stage. All the works undertaken to date have been within the agreed budget for design and feasibility of £993k.
- 9.2 Subject to Members approving the design concept, full financial implications will be presented in July, which will include a detailed cost estimate, capital financing requirements, an estimate of the ongoing leisure centre income and any potential temporary accommodation savings.

10. PROCUREMENT

- 10.1 As outlined in the preferred option 2C above, this report seeks to proceed with a soft market testing exercise to determine interest from developers and or registered housing providers in developing the site, as well as a viable route to tender.
- 10.2 The proposed soft market testing exercise will be carried out in accordance with Regulations 40 & 41 of the Public Contract Regulations 2015 and rule 9 of the Council's Contract Procedure Rules.
- 10.3 A further report will follow in July in line with recommendation 2.3 which will identify a full procurement strategy and cost estimate for the scheme.

11. LEGAL IMPLICATIONS

- 11.1 The Council needs to be mindful of its obligation under section 123 of the Local Government Act 1972 to obtain best consideration reasonably obtainable when disposing of land (other than a lease of 7 years or less) unless it has the express or general consent of the secretary of state to do otherwise
- 11.2 Any procurement will need to be carried out in full compliance with the Public Contracts Regulations 2015 (Regulations) if applicable and the Council's Contract Procedure Rules.
- 11.3 Regulation 40 of the Regulations permits the Council to carry out prior market consultation with a view to preparing for procurement and informing the market of procurement and requirements. Where such "soft market" engagement is carried out the Council will need to ensure it complies with Regulation 41 and ensure competition is not distorted by such engagement.
- 11.4 Detailed legal advice will need to be sought on the various options as the scheme develops and legal support will need to be sourced to carry out the transactions.

12. PERSONNEL IMPLICATIONS

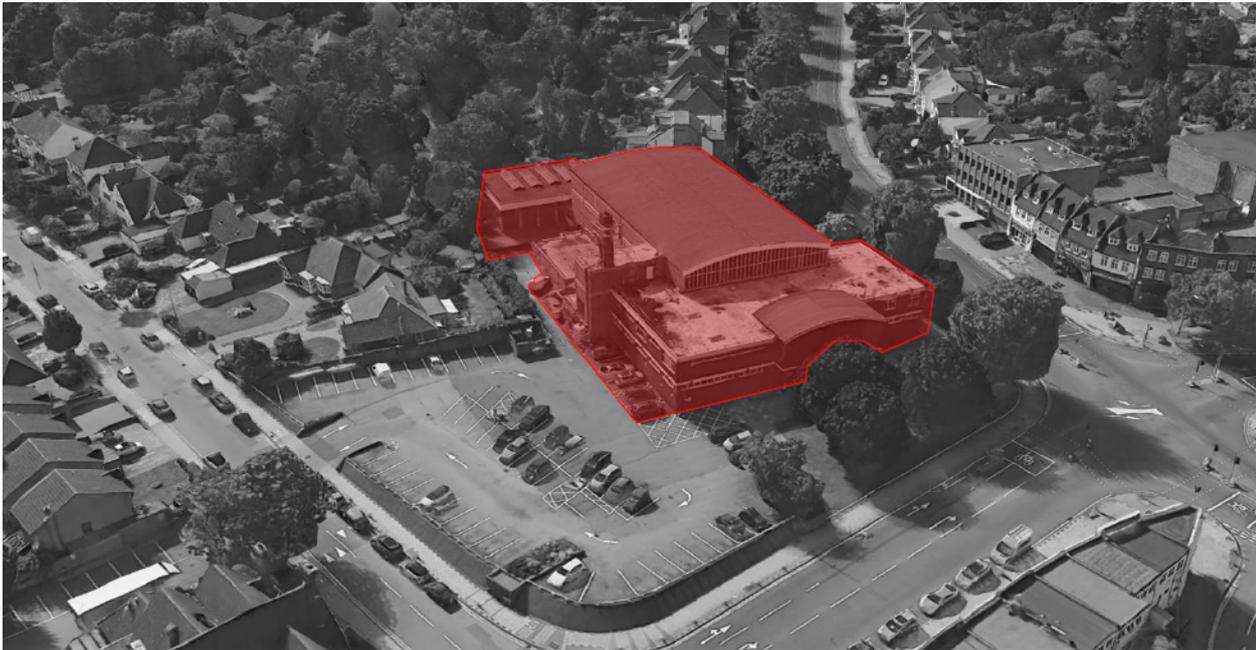
- 12.1 There are no direct personnel implications for the Council. Mytime Active is the existing leisure provider and employer of staff in the existing leisure centre in West Wickham. Under the terms of the Mytime Active lease the Council is required to give a minimum of 1 year's notice of termination of the lease. Any new leisure contract will be subject to a competitive tender.
- 12.2 Greenwich Leisure Limited are the provider for the library services, the proposed development does not affect GLL, as they are under contract until 2027/32 they will continue to be the library provider in any new facilities. The Council will work with the provider to ensure a smooth

transition of services. It is anticipated that the existing library site would remain fully operational until the new facilities are available.

Non-Applicable Sections:	
Background Documents: (Access via Contact Officer)	

APPENDIX

Existing Leisure Site Footprint within West Wickham



1. Car park side from Hawes Lane



2. Main Entrance from Station Road



3. Bus stop and leisure centre from Station Road



4. Vehicular access to car park



5. View down Red Lodge Road towards the leisure centre



6. Sub-station and service/delivery access



7. Towards neighbouring 39 Station Road

Option 2a

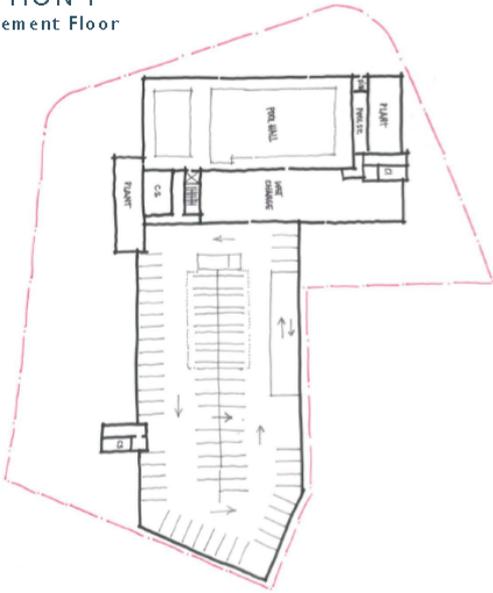
Proposed view from Main Entrance, corner of Red Lodge Road and Station Road



Below: Proposed view from Station Road



OPTION I
Basement Floor



OPTION I
Ground Floor



OPTION I
First Floor



Option 2b

Proposed view from Main Entrance, corner of Red Lodge Road and Station Road



Below: Proposed view from Station Road



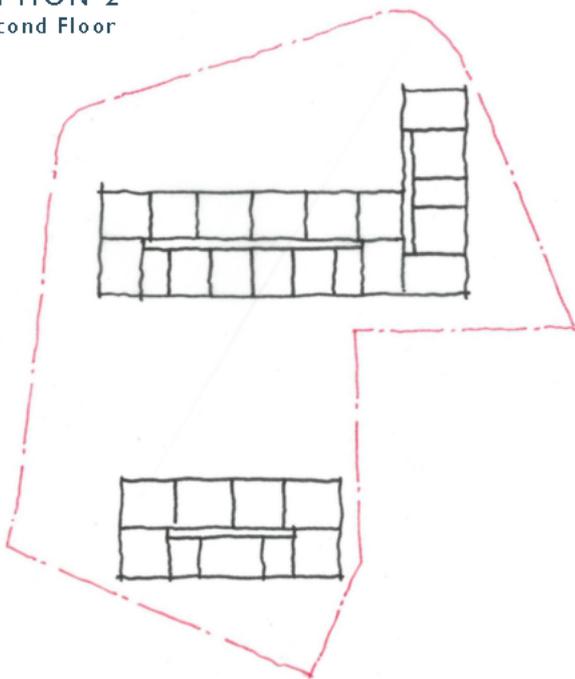
OPTION 2
Ground Floor



OPTION 2
First Floor



OPTION 2
Second Floor



Option 2c

Proposed view from Main Entrance, corner of Red Lodge Road and Station Road

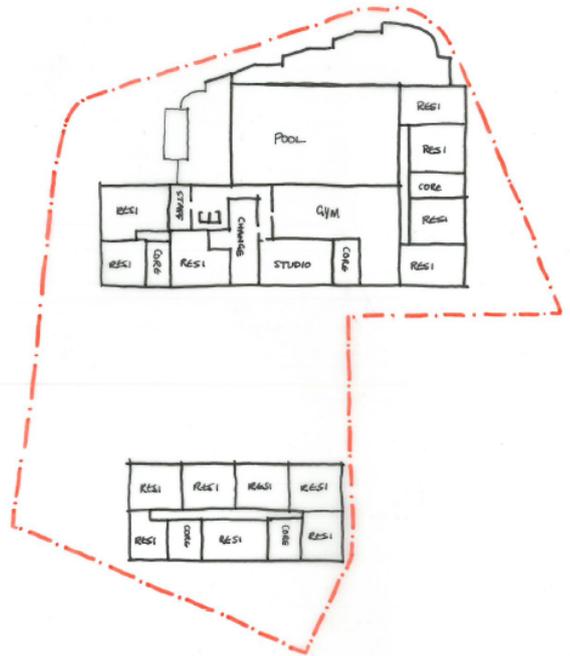


Below: Proposed view from Station Road





Ground Floor



First Floor



Second Floor – 6th
Floor