

Decision Maker: EXECUTIVE

For pre decision scrutiny by the Renewal, Recreation and Housing Committee on 5 November 2019

Date: Wednesday 27 November 2019

Decision Type: Non-Urgent Executive Key

Title: OPTIONS APPRAISAL FOR CHIPPERFIELD ROAD SITE
(BROMLEY VALLEY GYMNASTICS CENTRE)

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Ward: Cray Valley West

1. Reason for report

This report sets out the current lease arrangement for Bromley Valley Gymnastic Centre, and provides options for the use of the site. Members are requested to determine their favoured option for the site.

2. **RECOMMENDATIONS**

2.1 **Members of the Renewal, Recreation and Housing PDS Committee are asked to review and comment on the contents of this report, prior to the Executive being asked to:**

- Agree to re-provide a gymnastics centre for Bromley Valley Gymnastics Club as set out in para 3.12 to 3.18;
- Please see Part 2 for additional recommendations.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Bromley Valley Gymnastics Club provides a range of opportunities for young people and vulnerable older people through its programme of recreational gymnastics.
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Corporate Policy

1. Policy Status: Not Applicable
 2. BBB Priority: Children and Young People Quality Environment Supporting Independence Healthy Bromley Regeneration
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Financial

1. Cost of proposal: To be determined
 2. Ongoing costs: To be determined
 3. Budget head/performance centre: Renewal, Recreation and Housing
 4. Total current budget for this head: £15.7m
 5. Source of funding: To be determined
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Personnel

1. Number of staff (current and additional): Not applicable
 2. If from existing staff resources, number of staff hours: Not applicable
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Legal

1. Legal Requirement: None
 2. Call-in: Applicable
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Procurement

1. Summary of Procurement Implications: See main report.
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Current weekly users of the Centre are estimated at around 715.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Yes
2. Summary of Ward Councillors comments: A draft version of this report was circulated to Councillors of the following Wards for on comment on Friday 4th October 2019:-
 - Cray Valley West
 - Cray Valley East

- Orpington
- Petts Wood and Knoll
- Chislehurst

Councillors were supportive of the Option 1 recommendation to re-provide a new centre for Bromley Valley Gymnastics Club. Ward Members commented on the number of residential units that would be built alongside the gymnastics centre, and the need to maximise the land for residential purposes. It was confirmed with Ward Members that these areas of the scheme will be fully explored in due course.

3. COMMENTARY

Background

- 3.1. Outlined in the Local Plan is the Council's intention to utilise the site of Bromley Valley Gymnastics Centre and adjacent land at Chipperfield Road (St Paul's Cray) to build circa 200 residential units.
- 3.2. It is anticipated that as part of this development a new community facility will be built to bring together St Paul's Cray Library and Cotmandene Community Resource Centre. Additionally there is potential to provide a new facility for Bromley Valley Gymnastics Centre, which is located on the current site.
- 3.3. The site, totalling 2.8 hectares, is identified in the Local Plan's housing trajectory. Delivering housing here would contribute to the Council's high priority target to build and purchase 1000 housing units during the next four years.
- 3.4. Various conversations with the existing Bromley Valley Gymnastics Club have taken place over the last few years, including working with the gymnastics club to write a specification for a new build. However in order to progress the development of the scheme, a Member decision is needed on the future provision of the gymnastics centre.
- 3.5. There are three options for consideration in relation to the gymnastics centre that concern both the current tenant and the building. Summarised here and described in further detail below, these are:
 - 3.5.1 Option 1 - To demolish the existing gymnastics centre and build a new gymnastics centre specifically for Bromley Valley Gymnastics Club (the current tenant and operator)
 - 3.5.2 Option 2 - To demolish the existing centre and use the additional land for further housing units (n.b. options around the housing scheme will be brought forward at a later date)
 - 3.5.3 Option 3 - To demolish the existing gymnastics centre and build a new leisure centre (dry facilities only) with gymnastics space, and go out to the open market for an operator.

Bromley Valley Gymnastics Centre

- 3.6. Bromley Valley Gymnastics Centre (BVGC) has been situated on the former Walsingham School site in Chipperfield Road since 1991. BVGC utilises part of the old school building which is reaching the end of its usable life: it is an unnecessarily large site, impractically configured for a gymnastics centre and is inefficient, both in terms of building fabric and services.
- 3.7. Bromley Valley Gymnastics Club is a non-profit Company Limited by Guarantee, governed by a board of unsalaried directors. The club was formed through the amalgamation of several gymnastics clubs across Bromley with support from the Council in the late 1980s. It has leased the site with protected tenancy since 1991.
- 3.8. The club is open to recreational gymnasts, including:
 - a. Pre-school
 - b. General
 - c. Gymnastics and Movement for People with Disabilities (GMPD)

- d. Senior citizens
- e. Adults

As well as squad gymnasts, training and competing across the following disciplines:

- a. Artistic
- b. Acrobatic
- c. Tumbling
- d. Floor and vault
- e. Display

Currently, BVGC has gymnasts representing Great Britain in national squads and has recently produced National, European and World medallists.

The facilities are additionally used by students on sports and teaching degrees from Greenwich University, and local dance schools. It has previously been used for GP referral classes, martial arts clubs, national and international gymnastics clubs, and fitness classes.

- 3.9. In total, circa 715 people use the centre each week, of which around 80% are from Bromley households.
- 3.10. The current building's configuration not only limits the scope of the club's training offer but also its scope as a competition venue.
- 3.11. The centre provides a valuable community resource, and in particular a focus on youth programmes, in a challenging part of the Borough.

Option 1 – Re-develop centre for existing BVGC

- 3.12. The first option for consideration is the direct re-provision of the gymnastics centre, as a facility for the existing tenant, Bromley Valley Gymnastics Club, given their protected tenancy status.
- 3.13. In this scenario, the specification of the new gymnastics centre would be developed in collaboration with the club, based on need, growth and best practice. The new centre may include additional facilities including a crèche, café and fitness suite, as determined by a viable business plan, and gives the Council a valuable opportunity to work with the club to build further improvements to the local offer.
- 3.14. A comparative research visit and meeting was undertaken in July 2019 to Spelthorne Gymnastics, a relatively new gymnastics centre which opened in 2017. Membership of this club doubled within six months of opening. With a comparable offer, it is assumed that Bromley Valley Gymnastics Club could achieve similar successes.
- 3.15. The lease between Bromley Valley Gymnastics Club and the Council for the new centre would be on a full repairing and insuring basis.
- 3.16. The centre would not only expand and develop the number and quality of its gymnasts, it would maximise its position as a facility for the broader community, used by schools and local groups for events and activities outside peak times. It is anticipated that an agreement around the number and type of hours dedicated to the community will be built into the lease.

- 3.17. This option allows the Council to continue to support a valuable community asset, focusing on young people, whilst sustaining a valuable rental income. However, it does not maximise housing quantum and is unlikely to be the most financially advantageous option for the Council.
- 3.18. Please see the Part 2 report for additional information.

Option 2 – Do not re-provide gymnastics facility, and maximise land value for housing

- 3.19. The second option considers the removal of the gymnastics centre without intention to re-provide it or a similar offer.
- 3.20. This option would likely allow the provision of additional housing. The exact quantum is yet to be determined but would be limited to the prospective footprint of a new gym facility, it is anticipated that this would circa 5 houses. A greater capital receipt is therefore also anticipated.
- 3.21. Although Bromley Valley Gymnastics Club has a protected tenancy, the Council can terminate the tenancy but would be liable to pay compensation to the club.
- 3.22. The benefit of the gymnastics centre, or similar offer, within the local community versus benefit of extending the residential development should be given due consideration.
- 3.23. The Council is unlikely to be able to support BVGC with finding new suitable facilities, and this is likely to result in the loss of the BVGC. Policy 20 of the Local Plan stipulates: *“Planning permission will not be granted for proposals that would lead to the loss of community facilities, unless alternative enhanced provision is to be made in an equally accessible location for the community it serves, or it can be demonstrated that there is no longer a need for them or other forms of social infrastructure.”*
- 3.24. This scheme would benefit the Council in terms of housing need and capital income but consideration of Policy 20 in relation to the loss of community facilities would suggest it is unlikely to receive planning permission.
- 3.25. Please see the Part 2 report for additional information.

Option 3 – Rebuild a general leisure offer (dry facilities only) for competitive tender

- 3.26. The third option is to build a general leisure centre provision with a gymnastics space as part of a development, and competitively tender this build through the open market.
- 3.27. As with Option 1, this option would not maximise the housing provision and would reduce the capital receipt to the Council. The rationale for including this option is that it may deliver a high rental yield for the Council, over and above a gymnastics centre-only rent.
- 3.28. Whilst officers are aware of potential interest in the site from other leisure providers, it is important for Members to balance this with the community value that the BVGC offers, and the specialised nature of the service, which is likely to be lost without an appropriate facility. It would be unlikely that another provider would propose a like-for-like service, as the current tenant significantly relies on their own directors’ specialisms. Bromley Valley Gymnastics Club coaches and competes at elite levels. This elite level provision would be lost if the centre was taken over by a new operator.
- 3.29. As with Option 2, the Council can terminate the tenancy but would be liable to pay compensation to the Club.

- 3.30. However, Policy 20 of the Local Plan (see para. 3.23) would reduce this option's likelihood of receiving planning permission without the re-provision of alternative enhanced facilities. Therefore any additional rental income generated from a commercial leisure facility may be accounted for through the cost to re-provide a community facility elsewhere.

Previous schemes

- 3.31. Members may recall a report taken to PDS and Executive in September 2016 (DRR16/075) that summarised the previous feasibility works undertaken for the development proposals at the Chipperfield Road site.
- 3.32. Reference to this scheme serves to provide Members with an indicative financial outcome of a new scheme to punctuate the 'community' versus 'cost' benefit argument.
- 3.33. Please see the Part 2 report.

Summary

- 3.34. Option 1 will ensure that any future development re-provides the gymnastics facility for BVGC on the basis of BVGC accepting a full repairing and insuring lease (FRIL).
- 3.35. This option is based on a Heads of Terms being agreed with the club in advance, stipulating an agreed rent and level of community activity.
- 3.36. It is acknowledged that the market value of a new gymnastics centre is an unknown at present and the right due diligence including the appointment of independent and specialist valuer will be made.
- 3.37. It is recognised that the re-provision of a new gymnastics centre may not be as financially advantageous as maximising the land for housing. Whilst the provision of housing continues to be a key priority for the Council, this should be balanced with the Local Plan's commitment to wider community needs, including the provision of suitable recreational facilities, and in this case, those that encourage youth participation.
- 3.38. Market testing the site with the requirements to re-provide valuable community facilities, including the gymnastic centre, and provision of new library and incorporated resource centre, creates the most benefit not only in terms of housing quantum but also in relation to community need. The anticipated 150 – 200 unit site is considerable and should be a carefully managed development if it is to bring effective and holistic regeneration to the area.

Scheme constraints

- 3.39. The future of Bromley Valley Gymnastics Centre is part of a wider scheme to regenerate the site around Chipperfield Road as identified in the Local Plan. The site is not without its challenges, however, and these will be brought forward in due course.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

Summary of Impact: Bromley Valley Gymnastics Club provides a range of opportunities for young people and vulnerable older people through its programme of recreational gymnastics.

5. POLICY IMPLICATIONS

Policy 20 of the Local Plan should be considered in relation to the removal of community facilities. See para. 3.23 and 3.30.

6. FINANCIAL IMPLICATIONS

- 6.1 At this early stage of consideration it is not possible to fully evaluate the possible financial implications of the development of the site.
- 6.2 This report seeks Members' consideration of the continuation of the Bromley Valley Gymnastics Club facilities and any future rent agreement that would be required.
- 6.3 The full financial implications for the development of the site including any rent income will be reported back to Members' once known. This will also include consideration of any VAT implications.

7. PERSONNEL IMPLICATIONS

No Council staff are affected by these recommendations.

8. LEGAL IMPLICATIONS

- 8.1 The proposal is to redevelop the area and provide a new gymnastic facility on site. The existing tenant BVGC has a protected tenancy. Provided Heads of Terms are agreed with BVGC and, subject to contract, the recommendation is to grant a new lease of the newly built facility to the existing tenant with some community use included. Section 123 of the Local Government Act 1972 requires local authorities to secure the best consideration reasonably obtainable when it disposes of land (other than a lease of 7 years or less) unless it has the benefit of an express or general consent of the Secretary of State. Independent market valuation will determine the market value and assist the Council in establishing whether best consideration obligations are met.
- 8.2 If the disposal is at an undervalue it may be possible to rely on Local Government Act 1972 general disposal consent (England) 2003 disposal of land for less than the best consideration that can be reasonably obtained (Consent). The Council may rely on the Consent if it can be demonstrated that the proposed lease to BVGC will promote or improve the economic, social or environmental wellbeing of its area, provided the undervalue does not exceed £2,000,000. In determining whether or not the disposal of land is for less than the best consideration reasonably obtainable, and whether or not any specific proposal to take such action falls within the terms of the Consent, the Council should ensure that it complies with normal and prudent commercial practices, including obtaining the view of a professionally qualified valuer as to the likely amount of the undervalue.
- 8.3 Officers will need to take legal advice with regards to terminating the existing lease with BVGC and entering into a new lease. If there are any other specific contractual arrangements envisaged then officers will need to take prior legal advice.

9. PROCUREMENT IMPLICATIONS

- 9.1. This report seeks authorisation to award via an exemption to re-provide a proposed new gymnastics facility for Bromley Valley Gymnastics Club.
- 9.2 This action is permissible under the general waiver power of the Council (CPR 3.1). The Council's specific requirements for authorising an exemption are covered in CPR 13 with the

need to obtain the formal Approval of the Executive following the Agreement of the Portfolio Holder, Director of Corporate Services, Director of Finance, Assistant Director Governance & Contracts, Chief Officer and the Budget Holder for a contract of this value.

- 9.3 The actions identified in this report are provided for within the Council's Contract Procedure Rules, and the proposed actions can be completed in compliance with their content.

Non-Applicable Sections:	Not applicable
Background Documents: (Access via Contact Officer)	Not applicable