

Decision Maker: RENEWAL RECREATION AND HOUSING PDS COMMITTEE

Date: Thursday 15 June 2023

Decision Type: Non-Urgent Non-Executive Non-Key

Title: LEISURE CENTRE REDEVELOPMENT UPDATE REPORT

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Chief Officer: Director of Housing, Planning, Property and Regeneration

Ward: Orpington; West Wickham;

1. Reason for decision/report and options

1.1 This information briefing provides Members with an update on the feasibility work currently being undertaken for the redevelopment of the Walnuts and West Wickham Leisure Centres, following Executive's decision to fund the Operational Property Review works programme on 30th November 2022.

2. **RECOMMENDATION(S)**

2.1 The Renewal, Recreation and Housing PDS Committee are asked to note the contents of this information briefing.

Impact on Vulnerable Adults and Children

1. Summary of Impact: The Walnuts and West Wickham leisure centres are community leisure centres which are low cost to use compared to private sector provision.
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Transformation Policy

1. Policy Status: Existing Policy
 2. Making Bromley Even Better Priority (*delete as appropriate*):
 - (1) For children and young people to grow up, thrive and have the best life chances in families who flourish and are happy to call Bromley home.
 - (2) For adults and older people to enjoy fulfilled and successful lives in Bromley, ageing well, retaining independence and making choices.
 - (5) To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
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Financial

1. Cost of proposal: Estimated Cost £27.1m
 2. Ongoing costs: Non-Recurring Cost
 3. Budget head/performance centre: C93630-68155
 4. Total current budget for this head: £27.1m has been indicatively assigned as part of the OPR
 5. Source of funding: Capital receipts
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Personnel

1. Number of staff (*current and additional*): N/A
 2. If from existing staff resources, number of staff hours: N/A
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Legal

1. Legal Requirement: The leisure centre sites are community assets
 2. Call-in: Not Applicable: No Executive decision.
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Procurement

1. Summary of Procurement Implications: N/A
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Property

1. Summary of Property Implications: The Walnuts and West Wickham leisure centres require major works to ensure that they are safe and can remain open to the public.
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Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications: The redevelopment of these sites creates opportunities to reduce future energy consumption.
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Impact on the Local Economy

1. Summary of Local Economy Implications: A significant positive impact on the local economy is anticipated, due to the improved leisure facilities for residents, businesses and visitors to West Wickham and Walnuts centres.
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Impact on Health and Wellbeing

1. Summary of Health and Wellbeing Implications: The leisure centres are crucial to the health and wellbeing of residents.
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Customer Impact

1. Estimated number of users or customers (*current and projected*): In 2022 West Wickham had 107,212 users and the Walnuts had 118,015 users. It is expected that usage will increase by 30% following the major works.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? No
2. Summary of Ward Councillors comments:

3. COMMENTARY

- 3.1 In 2018, the Council made the decision to move all leisure centres to 40-year leases with Mytime Active. These were grouped in to two lots. Group 1, facilities are on Full Repairing and Insuring Leases (FRIL) and are now the responsibility of Mytime Active to manage and maintain, and attract a rental income for the Council. The Group 2 facilities whilst offered on a 40-year lease, remained the Council's responsibility to maintain given the condition of the buildings, with no rental income received from Mytime Active.
- 3.2 As part of the Council's Operational Property Review led by the Property division, condition surveys were undertaken on all the Council's properties. This included the Walnuts and West Wickham Leisure Centres which are both Group 2 facilities.
- 3.3 The surveys identified a significant back log of maintenance at both the Walnuts and West Wickham. However, given that both buildings are past the end of their design life, the use of funds to make basic yet costly repairs was not considered good value for money. This is because ultimately even if repairs are made the buildings cannot be sustained and further money would continue to be required in the near future to make good, and in the meantime the buildings are at constant risk of failing and of closure to the public. The Walnuts swimming pool has already been closed on a number of occasions due to the failed heating plant.
- 3.4 It should be noted that Planning law would not allow the closure of these two leisure sites and the use of the land for other purposes, such as housing. This is because Planning protects community assets. Therefore if the sites were not invested in and eventually closed the buildings could be moth balled but not developed and used for other purposes.
- 3.5 Therefore, the Operational Property Review assigned an indicative £27.1m plus £500k feasibility funding to fully refurbish and redevelop these two leisure centres. On 30th November 2022 the Executive agreed to fund the Operational Property Review (OPR) works programme, including this funding for the Walnuts and West Wickham leisure centres, and on 12th December 2022 this decision was approved by Full Council.
- 3.6 On 29th March 2023 the Executive agreed that officers could progress the OPR workstreams and proceed to procurement via the NHS SBS framework. Whilst this is the approach for much of the OPR programme which is being led by Property, the Walnuts and West Wickham Leisure Centre redevelopments, and the Library works are being managed separately by the Culture and Regeneration division. This report focusses on the approach being taken to the redevelopment of the Walnuts and West Wickham leisure centres.
- 3.7 Due to the nature of the sites as places of community use, with complex facilities including swimming pools, and their ability to generate an ongoing rental income for the Council if major works are undertaken, the following actions were identified as being required to take forward their redevelopment:
- Engagement with residents and stakeholders to discuss their priorities
 - Facilities modelling – predominantly looking at what facilities are available across the Borough and nearby to ensure we are meeting recommended levels of service
 - Surveys – to review what is possible on the sites and within the fabric of the existing buildings
 - Sustainability – operational model that ensures any investment becomes sustainable and generates a future income
- 3.8 Given the above, and the time pressures on the state of the existing buildings which could be forced to close at any time, the Council progressed swiftly and appointed Alliance Leisure

Services in January 2023 to provide a feasibility study and a detailed survey package for the Walnuts and West Wickham Leisure Centres. This package of works includes building surveys (beyond those performed as part of the Operational Property Review), design concepts, business planning and a public engagement exercise.

3.9 Alliance Leisure Services are a development partner that work exclusively with local authorities and leisure operators to improve or expand the leisure products and services offered.

3.10 This report provides Members with an update on where this work is to date.

PROGRESS TO DATE

3.11 To inform decision making the Council commissioned a detailed Indoor Sports Facilities Review, which whilst still in draft form and yet to be published, has confirmed the community need for both the Walnuts and West Wickham facilities in providing important access to sport and leisure activity. Additionally, the Council has commissioned Facilities Planning Modelling which looks at the impact of population growths and changes in demographics on the local need specifically in relation to swimming pool provision. Bromley's population is predicted to grow by over 6% over the next 10 years, with the biggest increase being in the older population (65+). It is important to ensure there is a good mix of facilities that supports people remaining active into older age.

3.12 An Online survey for both leisure centres was launched on Monday 27th February for six weeks collecting 3436 responses for The Walnuts and 2699 for West Wickham. The survey was designed to find out what residents, users and non-users of the facilities would like to see in the future. Given the public investment being proposed it is important to ensure facilities will be utilised to the maximum potential as well as gauge information that could be used for the business model and drive a rental yield.

3.13 To support this, the survey was specifically targeted on social media to those geographically located in the borough. Posters with QR codes, linking residents to the surveys, were produced and shared with libraries and the leisure centres for display. Digital versions of the posters were also produced displayed on JC Decaux screens. Accessible versions of the surveys, large print (visual difficulties) and easy read format (for those with learning difficulties) were produced and shared with libraries and leisure centres to be printed upon request. Alliance Leisure Services had staff members equipped with iPads inside and outside the leisure centres asking members of the public to complete the survey. Additionally, 21 focus groups have been completed as part of this package of works covering a range of different users and stakeholders.

3.14 Unsurprisingly the majority of those that took part in the survey said they wanted a redeveloped facility with less than half of users at both centres currently rating the centres as 'good' or better. However, what is important is that between 75-85% of users said they would use a redeveloped centre more often. These figures rose to 89-92% for non-users, evidencing that redeveloping these centres would increase activity levels within the borough.

3.15 The vast majority of users at both the Walnuts (97%) and West Wickham (88%) are residents of Bromley. There is an equally high number of non-users who are Bromley residents and would use the centres more often should they be developed.

3.16 86% of the Walnuts users and 74% of West Wickham users travel less than 15 minutes to use the centre, demonstrating that a redevelopment of these facilities would truly benefit those in the immediate locality of the centres.

3.17 Alliance Leisure's Opportunity and Competitor analysis has revealed that redeveloping the facilities would increase membership numbers, and thus membership revenue, by over £500,000 per year, supporting the Council's aims to draw a rental income from the facilities.

- 3.18 The number of pay-as-you-go users are also expected to increase following a redevelopment, providing additional income growth across both centres.
- 3.19 Both sites have over 250k under-14s within a 30-minute catchment, demonstrating the potential for a strong soft play offering at each site. West Wickham alone has over 100k under-14s within a 15-minute catchment.
- 3.20 Quality food and drink services provide modern leisure centres with a healthy source of income. Our survey found that there is strong demand for new and improved Café offerings at both centres, increasing the rental potential of each centre.
- 3.21 Alongside the survey, Architects GT3 are undertaking further surveys and preparing initial plans for the centres, which will be fed into the next report.
- 3.22 To support the sustainability strand of work, and to achieve the best business model, officers have held soft market testing events including meeting with operators interested in managing the redeveloped facilities.

NEXT STEPS & INDICATIVE TIMELINE

- 3.23 Regeneration officers are working with Procurement and Alliance Leisure to determine the most appropriate route to tender for the leisure operator of the redeveloped facilities. Officers hope to start the tender process this Autumn.

Analysis of public engagement and leisure strategy to achieve optimum service mix	May/June 2023
Detailed Surveys of Buildings undertaking	April-June 2023
Initial site plans drafted	July 2023
Initial costs appraisal within budget of what can be delivered	July 2023
Executive Approval for works and next phase of works, with agreement of operator model and likely rental yield for redeveloped centres	September 2023
Draft details plans	October -November 2023
Submit Planning Application and Building regs compliance	December 2023
Tender of Operator	October-January 2023
Tender of work contract with development agreement	
Works to commence on first site	January 2025
Works to be completed on first site	July 2026
Works to commence on second site	Autumn 2026

Works to be completed on second site	Summer 2028
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4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

4.1 Community leisure is an important affordable service which improves health and wellbeing outcomes for all.

5. FINANCIAL IMPLICATIONS

5.1 The total approved budget for leisure centres is £27.6m, of which £0.500m is set aside to cover delivery of the project, with the balance used to cover the works. The addition of this project to the capital programme, as part of the broader Operational Property Review, was approved by the Executive as part of Q3 monitoring at its January 2023 meeting.

5.2 There is therefore sufficient budget within the capital programme to meet the cost of this contract and any contingency required, and so there should be no impact to the revenue budget from the implications of this report.

6. LEGAL IMPLICATIONS

6.1 The Renewal, Recreation and Housing PDS Committee are asked to note the contents of this report. This Committee, in accordance with Part 4 of the Council's Constitution, is required to receive reports and make recommendations on performance monitoring of services falling within the remit of this portfolio which does include leisure and culture.

6.2 There are no immediate legal issues to address within this report.

7. PROCUREMENT IMPLICATIONS

7.1 This report seeks to provide an update with no decision sought on the feasibility work currently being undertaken for the redevelopment of the Walnuts and West Wickham Leisure Centres.

7.2 Any procurement actions resulting from the feasibility work must be to be compliant with both Public Contracts Regulations / Concession Contracts Regulations and Contract Procedure Rules.

8. PROPERTY IMPLICATIONS

8.1 The Operational Property Review programme identified major works were required to both Walnuts and West Wickham leisure centres if they are to remain open and in community use.

9. CARBON REDUCTION/SOCIAL VALUE IMPLICATIONS

9.1 The major works to both sites create many opportunities to reduce energy consumption through improved layouts (separating wet and dry facilities); energy efficient boiler systems; improved insulation and double glazing; and

10. IMPACT ON THE LOCAL ECONOMY

10.1 The intrinsic impact of the development of leisure centres relates to increased footfall and increased health which enables more people to work or remain in work. This impact will only be maximised by securing local jobs, apprenticeships and training opportunities. The impact on the local economy also depends on supply chain opportunities for local SMEs. Therefore, the

relationship with the delivery partner, whether through lease or convening powers, is critical to the impact on the local economy.

11. IMPACT ON HEALTH AND WELLBEING

11.1 The redevelopment of the two leisure centres will have a significant impact on health and wellbeing and it is predicted that usage at the sites will increase by 30%.

12. CUSTOMER IMPACT

12.1 Currently users experience a poor service at times due to the poor state of the buildings. This includes the closure of the pools due to heating and ventilation issues, often without notice, and leaking ceilings which means sections of the buildings have had to be closed at times. The major works programme will ensure that customers have access to an improved leisure service experience.

Non-Applicable Headings:	Transformation/Policy implications; Personnel implications; Ward councilor views.
Background Documents: (Access via Contact Officer)	[List any documents used in preparation of this report - Title of document and date]