

<b>TITLE</b>	<b>Arborfield District Centre (MOD Legacy Gym Building)</b>
<b>FOR CONSIDERATION BY</b>	The Executive on 30 June 2016
<b>WARD</b>	Arborfield
<b>DIRECTOR</b>	Heather Thwaites, Director of Environment
<b>LEAD MEMBER</b>	Angus Ross, Executive Member for Environment

## **OUTCOME / BENEFITS TO THE COMMUNITY**

Secure a site/facility to provide for the indoor leisure needs of both the existing and future resident of the borough which is likely to provide a revenue stream within the context of our new leisure contract.

## **RECOMMENDATION**

The Executive:

- 1) agrees that Officers progress negotiations to secure for the long term the MOD Legacy Gym building;
- 2) note that the financial implications of the negotiations and budget requirements will be reported to a future Executive prior to any commitment;
- 3) note that the operation of the Gym for community use will be included within the letting of the new Leisure contract which will also be reported back to Executive prior to contract approval.

## **SUMMARY OF REPORT**

A decision is necessary to execute the options relating to the MOD Legacy Gym building in the Arborfield (Crest) legal agreement (S106). It is considered that the best value for the money is represented by securing either a long term lease or the freehold interest in this building to meet the needs of both growing local community and the new Secondary School.

This decision would also enable our longer term aspirations for an indoor swimming pool at Arborfield SDL by releasing land within the secondary school boundary adjacent to the gym with a view to accommodating the pool in due course.

Longer term, this decision facilitates the establishment of a sports hub with an excellent recreational offer which is likely to generate revenue income.

## **Background**

On the 30<sup>th</sup> October 2014 the Councils Executive decided that *the Council's preferred location for an additional four lane swimming pool, to meet the additional demand created by the Strategic Development Locations (SDLs), would be within the Arborfield SDL*. This decision was taken on the assumption that the swimming pool would be delivered alongside either the existing 8 court MOD Legacy Gym or a new 6 court sports hall on the secondary school site. Given that the swimming pool needs to share reception facilities with whichever sports hall is selected there are only a limited number of sites for this facility: the school site (where the 6 court sports hall is currently proposed), on or around the existing MOD library building or on the site of the existing 8 court MOD Legacy Gym. The latest information on the Swimming pool project suggests that it is unlikely that the facility would be financially sustainable until at least 2025/6.

As part of the outline consent given to the Arborfield Garrison Landowners Consortium (AGLC/Crest) on the 2nd April 2015, the S106 agreement includes options to secure the garrison gym on short (3 year) and long lease (199 year) terms for which a decision was required by 2nd July 2015. WBC contacted Crest to formally make the election to initially take the 3yr lease on the MOD legacy Gym in order to meet the delivery programme for the school on 19 February 2016. Prior to incorporation in the new leisure contract the leasing and other costs will be funded from within the overall school capital project.

## **Analysis of Issues**

Subsequent assessment has determined that the quality of the gym is acceptable to meet the needs of the public and the secondary school without compromising the delivery of the District Centre at Arborfield SD; hence it is now appropriate to pursue a longer term interest in the building via either a 199 year lease (or purchase of freehold). This approach offers a number of community and financial benefits that make a compelling case.

- The 8 court MOD Legacy Gym is relatively modern and has had very light use.
- The 8 court MOD Legacy Gym is a larger facility than would otherwise be justified by the growth in the local population and consequently allows for both greater flexibility in use and future proofing.
- The larger size of the MOD Legacy Gym would make shared use of the building during core school hours a possibility.
- In terms of the net revenue position it is likely that this approach would deliver a facility that would improve the net revenue position of the Council's Leisure contract in the medium to long term.
- Would enable space on the school site to build a swimming pool at a later date at no extra land acquisition.
- Potential to reduce or obviate entirely the short term rental terms of the 3yr lease.
- Would ensure that the new secondary school would have access to the sports hall facility beyond its first three years of operation.

Community Use of the MOD Legacy Gym from September 2016 would be problematic given the very limited size of the temporary car park proposed for the temporary secondary school scheme. Consequently the potential for day time use of the facilities by the community before the opening of the permanent school site would be constrained due to the early stage of delivery of the new housing/customers and

construction works ongoing around the locality. In light of this it is not financially viable to open the MOD legacy Gym to the public initially, and instead it is more sensible to open the facility to the public as part of the new leisure contract arrangements in March 2018. To test this officers have explored four options for the operation of the facility prior to March 2018, School Use only (already approved), School Use with Community Use of Sports Hall, School Use with Community Use of Sports Hall and Gym and 1Life Run - Caretaker Style (Sports Hall, No Gym). This assessment shows that any community use of the building is likely to cost the council somewhere between £50K and £200K in additional revenue costs.

In the event that the Council decides not to secure a long term interest in the MOD Legacy gym then it will be required at the end of the existing 3year lease to build a new 6 court sports hall to meet the emerging needs of the local community for indoor leisure provision (most likely on the secondary school site). A 6 court sports hall would be less flexible In terms of shared use with the school and the Council would need to negotiate with Crest to secure another piece of land suitable for the construction of a swimming pool which is only likely to be available at residential land values. The Council has modelled the emerging need for the swimming pool and it is unlikely to be viable to construct this facility until post 2026.

#### **FINANCIAL IMPLICATIONS OF THE RECOMMENDATION**

***The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.***

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	Nil (note 1)	Yes	C
Next Financial Year (Year 2)	Nil	Yes	C
Following Financial Year (Year 3)	Nil	Yes	C

#### **Other financial information relevant to the Recommendation/Decision**

##### **Note 1**

There are no financial implications associated with the decision to proceed with negotiations. Capital budget approvals will be required on the completion of negotiations and will be considered as part of the MTFP capital budget setting process or will be the subject of a further report to Executive.

The Council is about to commence the procurement of an operator for its suite of Leisure Facilities (Bulmershe LC, Carnival Pool, Loddon valley LC and St Crispin's Sports Hall). Under the current Leisure Contract the Council receives a revenue income and although it is difficult to quantify at this stage the future revenue implication of adding the MOD legacy Gym building to the Council Leisure Contract it is likely to be positive.

The local leisure market appears to be buoyant and a nearby authority who transferred

their Leisure Facilities to an external contractor in 2015 look to have secured additional revenue income.

**Cross-Council Implications**

None

**Reasons for considering the report in Part 2**

The costs outlined are commercially sensitive as we will be in negotiation with the land owner / developer for the acquisition of the building.

**List of Background Papers**

None

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