

TITLE	Bulmershe New Build
FOR CONSIDERATION BY	The Executive on 30 November 2017
WARD	None specific
DIRECTOR	Graham Ebers, Director of Corporate Services
LEAD MEMBER	Norman Jorgensen, Executive Member for Environment, Sports, Environmental Health, Leisure and Libraries

OUTCOME / BENEFITS TO THE COMMUNITY

If agreed, the benefit and outcomes for a new leisure centre would benefit the school and our local community, including young people, families and our elderly population. A new leisure centre with a swimming pool would help increase physical activity in the Woodley and surrounding areas. This is also an area of deprivation which would help the health and wellbeing of its local residents to help maintain a good physical activity level, which could help reduce various long term health conditions. This links with the councils 21st Century Leisure Strategy, stating that Bulmershe will have major improvements to ensure its sustainability. Council leisure facilities offer many preventative services, which contribute to savings within the Council's social care budgets. By ensuring best value to its residents in the provision of leisure services, the outcomes are likely to bring positive benefits to our community's health and wellbeing.

There is already a strong commitment to community and stakeholder consultation on the proposals building on that undertaken in Summer 2016. As well as dealing with the issues around the new build and facilities mix, this gives us an opportunity to work with stakeholders on the Bulmershe Campus to resolve site access issues and the time tabling of demolition and building works. This consultation will also allow us to work with the schools, sports clubs, and current and future centre users on access to facilities during the rebuild period.

RECOMMENDATION

That the Executive:

- 1) considers the range of options for the future provision of Leisure facilities at Bulmershe, and approves the following recommendation:

Option E to consist of: A newly built leisure centre with a 4 badminton court sports hall; 25m x 6 lane swimming pool; a 75 Station gym; and 2 Studios, teaching pool with movable floor and Café.

- 2) delegates authority to the Director of Corporate Services and Executive Member for Environment, Sports, Environmental Health, Leisure and Libraries to approve the detailed options for the scheme.

- 3) approves additional Capital budget of £4.54 million.
- 4) notes the revenue cost of all borrowing (Inc. additional £4.54m) will be funded by the income generated by the facility.

SUMMARY OF REPORT

The provision of leisure facilities is not a statutory duty, although brings in a significant income to the current economic climate therefore, it is essential that the operation of these facilities delivers value for money and supports the wider social objectives set out in the Council's Vision; the Health and Wellbeing Strategy 2017-2020; and the Council's 21st Century Leisure Strategy.

Council had approved £10 Million for the rebuilding of Bulmershe leisure centre with a pool capacity of six lanes and a training pool through the MTFP in February 2017. However, this budget is now recognised to be insufficient due to revised costing estimates, which have corrected an initial error.

New options have been prepared for the future provision of leisure facilities at Bulmershe Leisure Centre in Woodley following the disclosure to the council that architect's costs estimations were based upon erroneous floor space calculations.

These new options, including one which significantly expands the facilities offered to the public, have been assessed by FMG our leisure management consultants to identify the returns on investment through membership and usage fees, in order to test the affordability of the options and the impact each will have on the income estimations from the leisure centres management contract.

ANALYSIS OF ISSUES

Background to Facilities at Bulmershe Leisure Centre, Woodley

Bulmershe leisure centre was built in 1974, as a two storey school and community leisure centre, with 4 badminton-court sports hall; small sports hall; 25m swimming pool with 5 lanes and the various storage, circulation, catering and changing facilities required of such a building at the time it was built. This means that certain disabled access issues were not included, and that the specification in terms of construction and plant would not meet contemporary environmental and energy use requirements. The first floor was originally designed for youth and community use; and was subsequently used for day-care facilities for people with disabilities; however all these services are no longer provided from the site.

The centre was managed by Woodley Town Council for over 20 years, and was handed back to Wokingham Borough Council in December 2014, a year before their lease was due to end. The centre was run by day for a school facility with a public session for only evening and weekends. There is a lack of robust usage therefore the profitability data from this time which has affected both our projections of future usage and those of the potential operators. From 1st December 2014, the management of the centre has been undertaken by 1Life as part of the contract extension of three years together with the management of all the other WBC leisure centres, which will end on 30th April 2018. The Leisure centre had a deficit for a number of years in the region of £80k PA, as advised by WTC, and which excluded any capital finance charges.

Capital investment was made by both 1Life and Wokingham Borough Council to bring the centre up to improved mandated health and safety standards and to provide an improved quality for members of the public who use the centre. A 50 station gym was created in the small sports hall and enhancements to the swimming pool changing facilities were made. On the first floor, the area was re-configured and re-furnished to include a studio, two consultation rooms and a long term conditions gym. Currently the membership has over 850 members with gym membership, and 680 members of the swim school. A total investment of around £500k was invested at December 2014 (£340k by WBC and £160k by 1Life) to maintain and sustain the leisure centre for the remaining years of the contract, pending the options being explored and assessed on the longer-term future of the building.

Within the past 18 months the building fabric has deteriorated quite dramatically. The building has developed some major air handling issues; with hot moist air in the swimming pool hall infiltrating the remainder of the building fabric; particularly the first floor and roof void spaces. As a consequence of the lack of insulation in these areas, the moist air condenses and water forms, damaging ceilings; walls and window frames. In spite of remedial dehumidification using portable units; trapped moisture has stagnated leading to mould spreading across the entire first floor. This may potentially pose respiratory health risks to staff, members of public and to those using the long term health gym, and clients who have pre-existing respiratory health conditions have as a precaution, been moved to the facility at Loddon Valley Leisure Centre. Presently 1Life have a maintenance revenue pot of £20k per annum; with any additional requirements being met by WBC. The pool plant is now reaching the end of its life, with much of it dating from the original 1974 build. Any major mechanical issue which were to arise now

could lead to the pool being closed for a period of time. 1Life's maintenance budget has now reached £20k within the first 5 months of this financial year, and the maintenance responsibilities now solely rest with Wokingham Borough Council for the remaining 7 months of the contract.

Bulmershe School, a secondary school of over 1,000 pupils, has always had significant use of the leisure centre on a dual use basis. The school have access to the sports hall & swimming pool during term-times from Monday to Friday from 9am – 5pm. 1Life and WBC have negotiated some public community time of 2 – 3 hours per week during this period. Improved changing facilities which allow for the general public to be separated from school pupils, to ensure safeguarding criteria are met, would allow the community greater use of the centre's facilities during term-time, as the current facilities do not permit this. Whichever option is finally approved for the site, there is not a viable "do nothing" option, as Bulmershe School would need to be provided with a sports hall for their use, the estimated cost of this being £4.5 Million plus finance costs (interest).

The site of the leisure centre is a very constrained one, and there are a number of health and safety issues regarding access to the various public operations using the same vehicular and pedestrian access. These include: Bulmershe School; Addington School; Goals Football Centre; and Woodley Gymnastics Club. Detailed design work to resolve these access solutions has been agreed to be taken forward by WBC Highways team, with costs met from the Highways budget so as not to form part of the costings specific to the leisure centre project. These will be developed during the pre-application process prior to the submission of a planning application and after the approval in principle to proceed with the rebuilding. A further site constraint concerns a site-specific blanket Tree Preservation Order (TPO). However, the affected trees would be readily replaced under the landscaping plan for the new scheme.

History

Following an exploration of options for the continued provision of the facility at Bulmershe, as well as a "do nothing" option, approval was sought and agreed through the MTFP process in February 2017 for a rebuild option with 6 lanes of swimming capacity, then at an estimated cost of £10 Million. This was the figure used to determine the affordability of all schemes within the leisure centres programme.

More detailed discussions have now taken place with architects and contractors; with WBC planning officers and with WBC property officers, in order to agree final specifications, budgets and design options for the site. During the course of this work, the architects advised WBC that they had made an error in their calculation of the building area, through calculating this solely on the footprint of the building (the area of land covered by the building), rather than the floor space: the overall square meterage of the building (which takes into account the sum of the footprint and any additional floor levels). As the current building has some significant first floor accommodation, which was not counted in the total area, this makes the previous estimates invalid and a new estimate has been supplied by Atkins.

The new estimate is for £14.540 Million, a figure £4.54 Million greater than the estimate included in the MTFP. With this in mind, a set of revised options has been prepared for the site, and affordability has been tested, using FMG the council's specialist technical

leisure contractor, who have worked with WBC on the previous options and on the specification of the new leisure operating contract.

Options

The following 5 investment options have been considered for Bulmershe Leisure Centre. The net (surplus) / deficit for each option is shown below. Please note, the financial information is based on estimated figures regarding the income from the leisure contract renewal.

Option A (New Build)	Option B (New Build)	Option C (New Build)	Option D (Refurb)	Option E (New Build)
- 4 Court Sports Hall - 25m 4 Lane Pool - No Teaching Pool - 50 Station Gym - 1 Studio	- 4 Court Sports Hall - 25m 4 Lane Pool - Teaching Pool - 75 Station Gym - 2 Studios	- 4 Court Sports Hall - 25m 6 Lane Pool - No Teaching Pool - 75 Station Gym - 2 Studios	- 4 Court Sports Hall - 25m 5 Lane Pool - No Teaching Pool - 50 Station Gym - 1 Studio	- 4 Court Sports Hall - 25m 6 Lane Pool - 75 Station Gym - 2 Studios -Teaching pool with movable floor -Cafe
<u>Capital Cost</u>	<u>Capital Cost</u>	<u>Capital Cost</u>	<u>Capital Cost</u>	<u>Capital Cost</u>
£11,690,000	£12,240,000	£12,540,000	£10,760,000	£14,540,000
<u>Net (Surplus) / Deficit*</u>	<u>Net (Surplus) / Deficit*</u>	<u>Net (Surplus) / Deficit*</u>	<u>Net (Surplus) / Deficit*</u>	<u>Net (Surplus) / Deficit*</u>
£10,436,879	£716,293	£(386,912)	£8,014,442	£(1,538,119)

* Based on 44 year period. 44 years have been used to reflect the total period of capital investment as part of the overall leisure strategy.

Please see Part 2 for more financial information regarding Option E.

The Revised Scheme Business Case

A number of options have been appraised for the future of the site to test whether a viable scheme can be delivered close to the £10 Million approved. There is no “do nothing” option proposed, as in reality, if the facility were to close completely, the Council would still be required to provide sports facilities for the use of Bulmershe School, most likely through the provision of a 4 court sports hall with associated changing facilities, which is estimated to cost £4.5 Million with no or very little income likely for the council through the leisure contract.

The Leisure centre has been running at a loss for the past few years, as participation has decreased, and maintenance costs increased. Members of the public are currently using other pools and leisure centres in the borough and beyond, as Bulmershe

deteriorated and because it is not able to offer the modern facility mix as other up to date models.

The recommendation to executive is for **Option E**, which comprises of: a 4 court sports hall; a 25m x 6 lane community swimming pool; a 75 station gym; and 2 exercise studios, Training pool with movable floor and Café. This is costed at **£14,540 Million**. This option meets all necessary public health and social value criteria of the Wokingham Borough 21st Century Leisure Strategy, and would be specified to meet the Sport England standards to ensure it meets necessary sport’s governing body specifications.

This option also provided the most cost-effective solution, which within the suite of leisure facilities, this scheme contributes to the management fee WBC will receive from the leisure operations contract

The leisure operating contract has not been based on single appraisals of income and expenditure of single sites. The contract considers the centres as linked as a single unit as this is how centre memberships work.

As part of the overall Agreement relating to the new leisure management contract, the Council will enter into a surplus share arrangement which will mean that any additional operating surpluses over and above that projected in the operators bidding projections will be shared between the parties. This will ensure that where the operator has been too prudent or the facilities operate above that forecast, the Council will alongside the operator, receive the additional financial benefits.

Current Facilities vs Option E Facilities

Current Facilities	Option E Facilities
25m x 5 Lane Swimming Pool	25m x 6 Lane Swimming Pool
4 Court Sports Hall	4 Court Sports Hall
68 Station Gym	75 Station Gym
Dance Studio	2 Studios
2 Consultation Rooms	Learner Swimming Pool with moveable floor
	Café

Issues for Consideration

The original option for rebuilding Bulmershe estimated a rebuild time of 18 months – which would begin immediately at the termination of the current management contract on 1st May 2018. The costings for the leisure schemes have been based on the loss of income to the leisure contract from the Bulmershe site for 18 months. There are likely to be delays due to the reappraisal undertaken of options, and the delay in submitting a scheme for planning applications.

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.

All options will require additional approvals for the extra amounts required through the capital budget of the Medium Term Financial Plan. The appendix gives full details of the impact on incomes and the likely revision of revenue budgets.

	How much will it Cost/save	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Financial Year 17/18 (Year 1)	£0	n/a	n/a
Financial Year 18/19 (Year 2)	£7.759m	£0	Capital - Borrowing
Financial Year 19/20 (Year 3)	£6.781m	£4.540m	Capital - Borrowing

Other financial information relevant to the Recommendation/Decision

See part 2 for further finance information.

All capital costs including interest will be repaid from the income generated from the facility.

Cross-Council Implications

Priorities for leisure have been set out in the 21st Century Leisure Strategy, and this paper follows the principles contained therein in addition to following the philosophy of maximising income contained within the 21st Century Council programme. There are implications for property services as the freeholds of the centres and the associated maintenance responsibilities, which will be clear in the final contract with providers, will remain with Wokingham Borough Council.

As the council refreshes the local plan, the impacts of further post 2026 population growth will need to be addressed in plans for leisure provision.

Reasons for considering the report in Part 2

Financial data on operations provided by leisure centre providers is commercially sensitive. In order to prove that the rebuilding of the centre is viable within the notion of being a standalone asset with its own income stream, we have sought to use all available projections on this likely income.

List of Background Papers

WBC 21st Century Leisure Strategy, 2017.
 Wokingham Borough Health and Wellbeing Strategy 2017-2020.
 Wokingham Borough Council MTFP, February 2017.
 Business planning for Bulmershe leisure centre facility options: An updated paper on design options from a financial perspective. FMG Consulting Ltd, June 2017.

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