

# APPENDIX A



<b>Report To:</b>	<b>CABINET</b>	<b>Date:</b>	<b>30<sup>th</sup> JUNE 2020</b>
<b>Heading:</b>	<b>LEISURE TRANSFORMATION PROGRAMME</b>		
<b>Portfolio Holder:</b>	<b>CLLR KIER BARSBY - PORTFOLIO HOLDER FOR HEALTH AND LEISURE</b>		
<b>Ward/s:</b>	<b>ALL</b>		
<b>Key Decision:</b>	<b>YES</b>		
<b>Subject to Call-In:</b>	<b>YES</b>		

## Purpose of Report

To update Cabinet on the Leisure Transformation Programme and to seek authorisation to proceed with the next steps:

1. To move forwards with the Kirkby Leisure Centre development.
2. To update Cabinet with the funding solution and progress with securing external funding.
3. To appropriate a small area of land within the Hucknall Leisure Centre site from the HRA.

## Recommendation(s)

Cabinet is recommended to approve:

1. To recommend to Council, approval of a total budget of £15.5m and the funding basis for the development of a new Leisure Centre in Kirkby in Ashfield.
2. To approve the identified prudential borrowing required to support the development.
3. To note the progress with external funding applications for £3m
4. To declare that the Housing Revenue Account land at Hucknall Leisure Centre is not required for housing purposes and approve the appropriation of the land from the Housing Revenue Account to the General Fund at a value of £4,000.

## Reasons for Recommendation(s)

1. The development phases of the Leisure Centre have previously been approved. However in line with previous reports and effective governance procedures further approval is required for Council to agree the total budget envelope for the Leisure Centre development at £15.5m of which £12.157m is to be funded through prudential borrowing.

2. The appropriation of land at Hucknall Leisure Centre is required so that the Leisure Operating Contract that is currently being tendered for a start in April 2021 can move forwards utilising Sport England standard approaches. The land needs to be appropriated from the Housing Revenue Account as it is currently designated for potential use for housing.

### **Alternative Options Considered**

1. The Cabinet can decide not to recommend to Council approval of the required budget and funding mechanism for the Leisure Centre development – **Not Recommended**
2. Not appropriating the area of land – all of the land needs to be within the General Fund and appropriated for Recreation and Amenities in order for the project to progress. **Not Recommended**

### **Detailed Information**

#### **Leisure Centre Development Progress**

Officers of the Council along with the appointed external professional team have been progressing with the design of Kirkby Leisure Centre.

The project has currently achieved completion of the Royal Institute of British Architects (RIBA) stage 3 of their Plan of Work 2015. When each stage completes, a full Cost Plan is developed to monitor progress and adherence to budgets. The RIBA 3 Cost Plan has identified a total budget of £15,500,000 for the works and on-costs. This Cost Plan has been reviewed and validated by the Council's finance officers.

RIBA 4 development is currently ongoing as well as the early stages of procuring a Main Works Contractor to complete the works.

Planning permission for the leisure centre was granted at Planning Committee on 17<sup>th</sup> June 2020.

#### **Funding Proposal**

The RIBA 3 Cost Plan has identified the necessary budget for the Leisure Centre as being £15,500,000. The Council has submitted an Expression of Interest to Sport England for funding support for £1,500,000 towards the project. The Local Enterprise Partnership (LEP) have been approached for £1,500,000. It is anticipated that a decision from both funding bodies will be achieved before contracts for the capital works are entered into which will be Autumn 2020. Finally, the Council has allocated £343,000 of Section 106 monies.

Council will be requested to approve that the remaining required funding of £12,157,000 be funded via prudential borrowing. The costs of the borrowing are expected to be fully offset by the reduced revenue costs of the Leisure Operating Contract which is currently being tendered. Current arrangements include a Management Fee which the Council pays to the operator, Everyone Active. The new tender arrangements expects a nil management fee position.

The Council's finance team have confirmed that should the nil management fee be achieved then the resultant revenue savings will be used to offset the prudential borrowing costs.

## 1.1 Land appropriation

The Hucknall Leisure Centre site is assigned to Recreation and Amenities (R&A) use (General Fund), except for a small area of land referenced as 394H which forms the vehicular entrance to the Leisure Centre. This is designated to Housing and Planning (HRA). The land needs to be appropriated to Recreation and Amenities with the value of the land paid to the Housing Revenue Account (HRA) to compensate for the loss. The land has been independently valued at £4,000.

Appendix 1 shows the area of land to be appropriated within deed packet 394H.

### Implications

#### **Corporate Plan:**

**Health and Happiness:** Deliver the Leisure Transformation Programme, maximising the well-being benefits whilst reducing costs. Deliver a new leisure destination in Kirkby. Re-procure the leisure centre management contract.

#### **Legal:**

The construction of the Leisure Centre will be let on an NEC 4 form of contract.

All processes are to be in compliance with the Council's Contract Procedure Rules.

The Council is empowered to hold and acquire land and provide leisure and recreational facilities by virtue of:

- Section 120 Local Government Act 1972 - general power of acquisition whereby the Council may acquire land by agreement for any of its statutory functions or for the benefit, improvement or development of its area.
- Section 19 of the Local Government (Miscellaneous Provisions) Act 1972 whereby the Council may provide recreation facilities

Section 122 of the Local Government Act 1972 empowers a Local Authority to appropriate land for any purpose for which the Council is authorised by the 1972 Act (or any other enactment) to acquire land by agreement and which is surplus to the Council's requirements. Section 19(2) of the Housing Act 1985 makes an exception to this and local authorities should apply to the Secretary of State for consent if they wish to appropriate land which contains housing from Part II to any other purpose – consent is not required as the land to be appropriated does not contain Part II housing.

#### **Finance:**

<b>Budget Area</b>	<b>Implication</b>
General Fund – Revenue Budget	Subject to Council approval, Prudential Borrowing will be offset by the savings in management fee from the Leisure Operating Contract.
General Fund – Capital Programme	Subject to Council approval, all project costs are to be included within the overall budget of £15,500,000.
Housing Revenue Account – Revenue Budget	None
Housing Revenue Account – Capital Programme	£4,000 benefit from the appropriation of land.

**Risk:**

Risk	Mitigation
That the Tendered Sum for the capital works is above the allowance within the overall budget	The design team has completed a series of soft market tests with contractors and supply chains whilst developing the RIBA 3 Cost Plan.  Where applicable certain specialist areas of the works have already been tendered (wet leisure design) to further mitigate costs.
That the Leisure Operating Contract doesn't deliver anticipated revenue savings	Council officers have been working closely with consultants to ensure and continually assess the leisure market in light of COVID-19.  The new leisure operating contract is due to commence in April 2021.
That the funding from Sport England is not approved	Sport England have been part of the design development process. They have also supported the Planning Application.
That the funding from the LEP is not approved	The draft funding case has now been submitted and the LEP have been engaged with previously.

**Human Resources:**

None for this report

**Environmental/Sustainability**

The Leisure Centre has been designed above minimum standards in terms of environmental standards.

**Equalities:**

Not applicable.

**Other Implications:**

Not applicable.

**Reason(s) for Urgency**

Not applicable.

**Reason(s) for Exemption**

Not applicable.

**Background Papers****Cabinet Report, 21<sup>st</sup> January 2019**

Leisure Transformation Programme – Replacement Leisure Centre for Kirkby In Ashfield District

**Cabinet Report, 15<sup>th</sup> May 2019**

Leisure Transformation Programme – Appointment of professional team for the construction of Kirkby Leisure Centre and appointment of the leisure consultant for procurement support for the District's leisure operator contract.

**Cabinet Report, 25<sup>th</sup> November 2019**

Leisure Transformation – Procurement of the new Leisure Centre Operator Contract

**Cabinet Report, 23<sup>rd</sup> May 2020**

Leisure Transformation – Leasing of Leisure Centres to the new Operator and Appropriation of Land from the HRA Account

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