

# New Leisure Facility – Stychbrook Park

Cabinet Member for leisure and Parks

Date: 14<sup>th</sup> February 2023

Agenda Item:

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Key Decision?

Local Ward

Members

Cabinet



## 1. Executive Summary

- 1.1 This report proposes a second significant investment this financial year by the council, in line with its recently reviewed reserves policy and in its role as place-shaper for our district, following the December 2022 decision to support investment in a new cinema.
- 1.2 It seeks Cabinet support to fund a new, purpose-built leisure centre at Stychbrook Park, in Lichfield. The new centre will replace the current facility at the Friary Grange. This investment, alongside a proposed investment in additional sport and leisure activities (see CIL paper on this agenda), will help encourage more people in the district to live healthy and active lives.

## 2. Recommendations

- 2.1 Cabinet approves the principle of funding a new, purpose-built leisure centre at Stychbrook Park, in Lichfield based on **£10m** of funding provided by the Council.
- 2.2 Cabinet recommends to Council to approve the Capital Financing Requirement (Borrowing Need) of **£5m** being initially funded by Internal Borrowing.
- 2.3 Cabinet recommends to Council an update to the Medium-Term Financial Strategy based on the financial implications section of this report. In the event increases in Approved Budgets become necessary then the changes will be subject to further approval by Council prior to contracts being completed in line with Contract and Financial Procedure Rules.
- 2.4 Cabinet delegates authority to the Leader and Chief Executive in consultation with the Monitoring Officer and the Section 151 Officer to complete all contracts and funding agreements necessary to successfully deliver the new leisure centre subject to the financial implications being within Approved Budgets.

## 3. Background

- 3.1 In October 2019 and following several meetings and consultations regarding Friary Grange Leisure Centre, Full Council decided a replacement facility would be built and to maintain and keep the Friary centre open until then.

3.2 A condition survey identified £2.38m of works needed to keep the building safe, watertight, and weatherproof and keep mechanical and electrical functions working, with a minimum of £503,000 investment needed to make the building safe, watertight, weatherproof, and operational alone. £694,658.62 was assigned with £560,930.17 being used to date, leaving a remaining budget of £130,243.75. Despite this remedial investment, the Friary Centre is still nearing end of useful life with significant further investment required to maintain it in its current poor condition and so a decision on its replacement is now imperative.

3.3 Since October 2019, in addition to ensuring the current site remains open, the council's Major Programmes Team has developed a project to investigate the location, mix and funding of a replacement centre.

### **Why Stychbrook Park**

3.4 A review of suitably sized, undeveloped sites in and around Lichfield City identified eight potential sites for the proposed new Lichfield Leisure Centre. They were:

Stychbrook Park	Stowe Fields	Shortbutts Park
Saddlers Wood	Leamonsley Park	Birmingham Road Site
Darnford Park	Beacon Park	

3.5 Of the eight sites, Stychbrook Park was identified as the preferred site for the new leisure centre. The selection of Stychbrook Park as the preferred site was approved by the Leisure Centre Task Group at its meeting on 14 September 2020 and by the Leisure, Parks, and Waste Management (Overview and Scrutiny) Committee at their meeting 23 September 2020, who supported the proposal based on:

- It being close to the current Friary Grange Leisure Centre – aiding the transfer of usage from the old site to the new and providing continuity of provision for local neighbourhoods, some of the more deprived in the district – supporting work to reduce health inequalities.
- It having a history of use as a sports / recreational site.
- At 3.47 Hectares, it is a large site – lessening the impact on surrounding housing.
- The new centre would have synergy with existing outdoor pitch provision, giving the potential for a “sports campus” style offer.
- Its location adjacent to A5129, aiding access.
- Relatively good public transport links.
- Ecological impacts being assessed as lower than for other open-space options.
- Public open space impact being assessed as lower than for other open-space options.
- A low risk of current or future opportunity costs – as public open space incorporating playing pitches, planning constraints makes it extremely unlikely the site could ever be redeveloped for non-sports / non-recreational purposes.
- It being the only site for which the analysis did not identify a significant strategic impediment or planning risk to the development of a leisure centre.

3.7 Following the selection process, several site surveys and investigations were commissioned to ensure viability and to help prepare any mitigation plans where required:

- Topographical survey
- Underground services survey
- Utilities searches
- Archaeology Report
- Geo Environmental Survey
- Highways & Traffic Assessment

- 3.8 In October 2022, the Council engaged with ReCreation to discuss our project needs. ReCreation, a provider of modular swimming pool solutions, are a recognised market leader in supporting local authorities to deliver affordable leisure facilities through innovative design and build.
- 3.9 ReCreation provide an innovative way to build pools above ground. This avoids the costs and lengthy build time of a traditional pool. The unique above-ground design is a proven, effective solution to providing swimming facilities at a fraction of the cost of traditional construction.
- 3.10 Traditionally, swimming pools have been built in-ground. This is done by excavating the site and filling the hole with reinforced concrete, which is later waterproofed and then tiled. In recent years, however, above-ground pools have become more common. This is due to the significant savings made on time, cost and environmental impact compared to a traditional in-ground, concrete pool.
- 3.11 Typically, above-ground facilities are constructed in 14 months, being at least 20 per cent quicker than an in-ground build. Above-ground swimming pools are designed to last the life of a building when maintained correctly. Ease of maintenance means repairs can be made without large-scale, structural changes. That means an above-ground pool would last at least 50 years if the building itself is kept running and is well managed.
- 3.12 Due to the stainless-steel structure of an above-ground pool, maintenance is predictable and costs less than what it would take to repair an in-ground pool.
- 3.13 The council's Major Programmes team and Leisure Task Force Chair visited a ReCreation build site (Rainham, Essex) in December 2022. This build is on behalf of Havering Borough Council, and the site facilities compare greatly to Lichfield's needs, with a new state-of-the-art facility offering a range of facilities including a dance and spinning studio, 72-station fitness suite and six-lane swimming pool. ReCreation was then appointed later in December 2022 as our special advisors to undertake an initial strategic brief and conceptual ideation in line with the Royal Institute of British Architecture (RIBA) stage 0, this work has commenced and will include high level site analysis, internal/external drawings and RIBA Stage 0 report which will be used to aid with decisions on the future of this project.

### **Assessment of Need**

- 3.14 An assessment of the sport and leisure needs of district residents up to 2040 has been completed in accordance with Sport England's Strategic Outcomes Planning Model guidance. As part of this assessment, primary research was commissioned including online face-to-face surveys and targeted focus groups including people with disabilities, young people, and older adults. A key finding from the assessment highlighted that the age and condition of the current facilities was a barrier to participation.

### **Mix / Facilities proposed**

- 3.15 The Leisure Centre Task Group and Leisure, Parks, and Waste Management (Overview and Scrutiny) Committee also agreed the new centre should ideally include the following mix of facilities:
 

25m x 6 lane pool	Changing village	80 station gym
Fitness/dance studio	Spin studio	Lobby/reception area with café
4G pitch	Car parking	
- 3.16 When considering the facility mix for the new leisure centre, we have considered Recommendation 4 from the Built Facility Strategy. This recommendation indicates the facility mix requirements for a new

leisure centre. In addition to the recommendation, consultation with local people, focus groups and key stakeholders has identified facility needs for a new centre. The council's ambition, in proposing the modular approach to developing a new leisure centre, is for there to be an ability / flexibility to add to those facilities, with for example a sports hall and learner swimming pool, as further funding becomes available in the future.

### **Affordability (capital and revenue)**

- 3.17 Approval to develop a new leisure centre requires confidence that both the initial capital costs and ongoing revenue costs of the centre can be met.
- 3.18 The council has worked closely with ReCreation to develop an understanding of the cost of building a leisure centre with the mix of facilities set out in para 3.15 on Stychbrook Park in Lichfield, based on an understanding of the site following the surveys undertaken as identified in para 3.7. The proposal is to develop a centre identical to the one visited in Rainham, Essex.
- 3.19 Careful financial planning and a favourable financial settlement in 2023/24 and 2024/25 has enabled the council to identify £10m of capital funding for the new centre, from a mixture of cash and internal borrowing – as set out in the financial implications section of this report.
- 3.20 A detailed Revenue Business Plan has been developed for the new leisure centre in collaboration with specialist leisure consultants, Max Associates. Max Associates has been operating for over 20 years across the sport, leisure, and cultural sectors. They are a market leader in Sport England's strategic outcome planning models (and assisted the council to prepare our strategic model), feasibility studies, alternative management options and sport and leisure procurement, delivering both consultancy and project management advice. They have worked for both local authorities and private sector operators and therefore have a unique knowledge of all aspects of sport and leisure services.
- 3.21 The Revenue Business Plan sets out total income and expenditure projected in the first 5 years of the new leisure centre business. Further details of this can be found in the confidential version of the report.

Alternative Options	<ol style="list-style-type: none"> <li>1. To continue to maintain Friary Grange Leisure Centre, however this facility is coming to the end of its economic life.</li> <li>2. To reconsider the alternative sites, however all have significant planning policy or feasibility problems and have been ruled out previously. They would all require some form of site investigation survey process and potentially the need for Appropriation, where they are Public Open Space, prior to any planning work taking place so would also add at least 12 months to any delivery programme.</li> </ol>																								
Consultation	<ol style="list-style-type: none"> <li>1. ReCreation</li> <li>2. Prior to and during the build of a new leisure facility for Lichfield City Centre, the council will communicate with residents and stakeholders to ensure they are aware of progress and any potential changes.</li> </ol>																								
Financial Implications	<p>The Approved Budgets included in the Medium Term Financial Strategy are shown below:</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr style="background-color: #0070C0; color: white;"> <th colspan="8">Capital Programme</th> </tr> <tr> <th></th> <th>Actual £000</th> <th>2022/23 £000</th> <th>2023/24 £000</th> <th>2024/25 £000</th> <th>2025/26 £000</th> <th>2026/27 £000</th> <th>Total £000</th> </tr> </thead> <tbody> <tr> <td>Replacement Leisure Centre</td> <td>216</td> <td>50</td> <td>2,474</td> <td>2,260</td> <td></td> <td></td> <td>5,000</td> </tr> </tbody> </table>	Capital Programme									Actual £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000	Replacement Leisure Centre	216	50	2,474	2,260			5,000
Capital Programme																									
	Actual £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000																		
Replacement Leisure Centre	216	50	2,474	2,260			5,000																		

Construction Inflation Contingency		100	100	100	100		400
<b>Total Expenditure</b>	<b>216</b>	<b>150</b>	<b>2,574</b>	<b>2,360</b>	<b>100</b>	<b>0</b>	<b>5,400</b>

Funding:							
Internal Borrowing	(216)	(50)	(2,474)	(2,260)	5,000		0
External Borrowing					(5,000)		(5,000)
Council Funding		(100)	(100)	(100)	(100)		(400)
<b>Total Funding</b>	<b>(216)</b>	<b>(150)</b>	<b>(2,574)</b>	<b>(2,360)</b>	<b>(100)</b>	<b>0</b>	<b>(5,400)</b>

Revenue Budget								
Assumptions	2022/ 23 £000	2023/ 24 £000	2024/ 25 £000	2025/ 26 £000	2026/ 27 £000	2027/ 28 £000	2028/ 29 £000	2029/ 30 £000
Budgeted Commercial Bid	(171)	(86)	(86)	(171)	(171)	(171)	(171)	(171)
Operating Cost				0	0	0	0	0
Minimum Revenue Provision	25 yrs			200	200	200	200	200
Cost of Finance	4.98%			247	237	227	217	207
<b>Total Revenue Impact</b>	<b>(171)</b>	<b>(86)</b>	<b>(86)</b>	<b>276</b>	<b>266</b>	<b>256</b>	<b>246</b>	<b>236</b>

The high-level capital cost of the facility provided by Recreation group is shown in detail at APPENDIX A and in summary below:

Capital Cost Item	£	Assumptions
Construction Costs	7,150,000	December 2023 costed
Design Development Contingency	550,000	
<b>Total Construction Costs</b>	<b>7,700,000</b>	
Professional Fees	770,000	10%
Developers Management Fee	847,000	10%
Project Contingency	577,500	7.50%
<b>Total Capital Costs</b>	<b>9,894,500</b>	

Exclusions:
Fixtures, fittings and equipment
Sprinkler installations and automated smoke ventilation
BREEAM requirements
Offsite reinforcement of services
VAT
Works to existing structures
Contamination removal

A more detailed assessment of the capital cost of the planned facility is currently being completed using RIBA 0 standards. The Council has employed its own retained Quantity Surveyor to ensure these costs are robust and to provide professional advice to the Council during the project.

The recommended Capital Programme and its funding based on the high-level capital cost of the facility is shown below:

Capital Programme							
	Actual £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
Replacement Leisure Centre	216 <sup>1</sup>	50	5,087	4,647			10,000
<b>Total Expenditure</b>	<b>216</b>	<b>50</b>	<b>5,087</b>	<b>4,647</b>	<b>0</b>	<b>0</b>	<b>10,000</b>

Funding:
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<sup>1</sup> To remain within the recommended £10m budget, these development based costs will need to be funded by earmarked reserves and existing budgets.

Internal Borrowing	(216) <sup>2</sup>	(26)	(2,333)	(2,425)	0	0	(5,000)
Earmarked Reserve		(17)					(17)
Section 106		(7)	(121)	(133)			(261)
Council Funding - construction inflation contingency			(200)	(200)			(400)
Council Funding - Strategic Priorities Reserve			(2,433)	(1,889)			(4,322)
<b>Total Funding</b>	<b>(216)</b>	<b>(50)</b>	<b>(5,087)</b>	<b>(4,647)</b>	<b>0</b>	<b>0</b>	<b>(10,000)</b>
<b>Change to Approved Budget</b>	<b>0</b>	<b>(100)</b>	<b>2,513</b>	<b>2,287</b>	<b>(100)</b>	<b>0</b>	<b>4,600</b>

The Business Plan Assumptions have been provided by Max Associates for the new facility. The central scenario together with projections based on more optimistic and pessimistic assumptions shown in detail at **APPENDIX B** of the confidential version of the report.

Approved by Section 151 Officer	Yes
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Legal Implications	<p><b>Appropriation</b></p> <ol style="list-style-type: none"> <li>On 23 June 2021 Kings Chambers advised the council that because Stychbrook Park is considered as public open space, S.122 (2A) of the Local Government Act would apply and there will be a need to carry out publicity and consultation, specifying the land in question to be advertised in two consecutive weeks in a local newspaper in which the land is situated and to consider any objections to the proposed appropriation which may be made.</li> <li>The Notice and consultation took place for just over six weeks, between September and October 2021. During this time the council placed the requisite two adverts in the Lichfield Chronicle local newspaper. To broaden the consultation the Council also engaged through social media, wrote to all those signed up to the councils e-news, some 19,000 people, wrote to 200 properties neighbouring the park making them aware of the advert and launched a microsite specific to the project.</li> <li>In May 2022, following consideration of the responses, the Council formally Appropriated the public open space at Stychbrook Park for the purposes of building the new Leisure Centre.</li> </ol>
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Approved by Monitoring Officer	Yes
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Contribution to the Delivery of the Strategic Plan	<ol style="list-style-type: none"> <li>Sustainable leisure centre provision in support of active lifestyles contributes to:           <ol style="list-style-type: none"> <li>Enabling people – to live healthy and active lives.</li> <li>Developing prosperity – to enhance the district for visitors.</li> <li>A good council that – is financially sound, transparent and accountable.</li> </ol> </li> </ol>
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<sup>2</sup> To remain within the recommended £10m budget, these development based costs will need to be funded by earmarked reserves and existing budgets.

Equality, Diversity and Human Rights Implications	<ol style="list-style-type: none"> <li>There are no equality, diversity and human right implications associated with the proposals.</li> <li>A full equality impact assessment will be conducted on the building's design and an access statement will accompany any future planning application.</li> </ol>
Crime & Safety Issues	1. None at this time.
Environmental Impact	<ol style="list-style-type: none"> <li>The proposed site is currently public open space.</li> <li>The environmental impact of any development will be explored in detail as part of subsequent site investigations and any planning application.</li> <li>Mitigation measures will be identified and agreed as appropriate.</li> </ol>
GDPR / Privacy Impact Assessment	Not applicable

	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
A	The capital cost of a replacement leisure centre increases in the current economic climate	Likelihood – Red Impact -Red Risk - Red	<p>Contingency included in the capital budget.</p> <p>Rigorous project and change management approach based on Best Practice is implemented.</p>	Likelihood – Yellow Impact - Yellow Risk - Yellow
B	The Company breaches the 20% TEKKAL exemption due to the level of external income	Likelihood – Red Impact -Red Risk - Red	<p>Financial modelling based on the approved Business Plan and known plans has been undertaken. The 20% level would be breached if the income and expenditure is accounted for by the Company.</p> <p>The optimum delivery option will continue to be evaluated based on legal and tax advice.</p>	Likelihood – Green Impact – Green Risk - Green
C	The Council breaches its partial exemption limit and is unable to reclaim VAT of c£100k per annum related to exempt activities when taking into account leisure insourcing and CIL investment	Likelihood – Red Impact -Red Risk - Red	<p>Financial modelling will need to be undertaken based around the level of exempt income such as football pitch hires utilising the series of lets exemption etc.</p> <p>The optimum delivery option will continue to be evaluated based on legal and tax advice.</p>	Likelihood – Yellow Impact - Yellow Risk - Yellow
D	Operating cost is higher than modelled	Likelihood – Red Impact -Red Risk - Red	<p>Operating cost scenario modelling has been undertaken to understand the scale of financial risk. A specific in year risk allowance for adverse leisure centre performance is included in the minimum level of general reserves.</p>	Likelihood – Yellow Impact - Yellow Risk - Yellow
E	Operation of the activities results in an additional Corporation Tax Liability for LWMTS therefore reducing the level of income that could be distributed to the Council through dividends	Likelihood – Red Impact -Red Risk - Red	<p>The financial modelling provided above assumes operation of these activities through the Company with a Corporation Tax payment at a rate of 25% from 1 April 2023. The payment of Corporation Tax will reduce the level of distributable profit available to the Council.</p> <p>The optimum delivery option will continue to be evaluated based on legal and tax advice.</p>	Likelihood – Yellow Impact - Yellow Risk - Yellow

## Background documents

Any previous reports or decisions linked to this item

### Stages of RIBA work:

- 0 – Strategic Definition
- 1 – Preparation and Briefing
- 2 – Concept Design
- 3 – Spatial Coordination
- 4 – Technical Design
- 5 – Manufacturing and Construction
- 6 – Handover
- 7 – Use

## Relevant web links

Leisure Centre Task Group agreed the preferred site 14 September 2020:

<https://democracy.lichfielddc.gov.uk/documents/s9048/Task%20Group%20Meeting%20Notes%2014%20Sept%202020%20v1.pdf>

A report was taken to an Overview and Scrutiny Committee detailing the new leisure centres' preferred site on 23 September 2020; seeking support for a recommendation to Cabinet that Stychbrook Park be identified as the preferred site for the new Lichfield Leisure Centre.

<https://democracy.lichfielddc.gov.uk/documents/s9050/Preferred%20LC%20site%20OS%20FINAL.pdf>

The preferred site was then endorsed by Cabinet at its meeting on 6 October 2020 - Item 4 – New Lichfield leisure centre preferred site:

<https://democracy.lichfielddc.gov.uk/ieListDocuments.aspx?CId=138&MId=1641&Ver=4>

The council Appropriated Stychbrook Park under S122 of the Local Government Act 1972 on 17 May 2022 – Item 11 Appropriation of Stychbrook Park:

[Agenda for Council on Tuesday, 17th May, 2022, 6.00 pm \(lichfielddc.gov.uk\)](#)

## High Level Capital Cost Budget Summary



### High Level Capital Cost Budget Summary - Lichfield Leisure Centre

CAPITAL COST ITEM	SUB-TOTAL	TOTAL AMOUNT	COMMENTS
<b>A. Construction Cost</b>			
Swimming / Gym Facility Construction Costs	£7,150,000		Based on building size 2,200m <sup>2</sup> @ £3,250 per m <sup>2</sup>
Design Development Contingency	£550,000		Based on building size 2,200m <sup>2</sup> @ £250 per m <sup>2</sup>
Total Construction Costs	£7,700,000		
<b>B. Furniture and Equipment</b>			
Total Furniture and Equipment - <i>Excluded</i>		Exc.	
<b>C. Professional Fees</b>			
Professional Fees (Excl. Novated Fees) - 10%	£770,000.00		
Developers Management Fee - 10%	£847,000.00		
Total Professional Fees	£1,617,000		
<b>D. Project Contingency</b>			
Project Contingency - 7.5%		£577,500	
<b>E. TOTAL CAPITAL COSTS</b>		£9,894,500	
<b>Notes and Clarifications</b>			
Site characteristics will dictate specific costs			
VAT is excluded			
Inflation projected to December 2023			
Works to existing structures are excluded			
Fixture, fittings and equipment are excluded			
Excludes contamination removal			
Excludes for the removal of relic structures from the ground			
Sprinkler installations and automated smoke ventilation is excluded			
Additional costs associated with BREEAM requirements are excluded			
Off site reinforcement of services is excluded			

