

FRIARY GRANGE LEISURE CENTRE

Cllr Elizabeth Little, Cabinet Member for Recycling and Leisure

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Agenda Item: 3

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Key Decision? YES

Local Ward Cllr Grange and Cllr Ray

Members



CABINET

1. Executive Summary

- 1.1 Following a decision to close Friary Grange Leisure Centre (FGLC) from 1 April 2020, taken by Lichfield District Council's (LDC) Cabinet on 9 July 2019, a petition was set up by a local resident. In line with council policy the petition must be considered by Cabinet. The council therefore took the decision to review the closure decision and look again at all options for the continuation of the leisure centre, considering the impact on the community as well as the financial impact.
- 1.2 The council has reviewed the financial implications of the options set out in the original Cabinet Report (9 July 2019). The main material change from when the decision was taken is that Staffordshire County Council (SCC) are now prepared to offer the council a lease of less than 10 years, on significantly more favourable terms and conditions. This gives more flexibility and reduces the financial risk the council would be exposed to if it were to continue to occupy the premises post April 2020. The implications for this have been assessed at option 2 (see section 4).
- 1.3 Other changes include the potential for S106 income (generated as a result of development in the district) that could be used to support any refurbishment, and the potential removal of the threat of repayment of a Sports England grant, if the council if the council continues to operate FGLC until a new facility is available.
- 1.4 The council has considered all options for the future provision of services at the leisure centre including in discussion with Staffordshire County Council (SCC), The Friary School, Lichfield Swimming Club and other interested parties.
- 1.5 The council has also considered comments, contributions and complaints received from residents, customers and stakeholders. These are summarised under key themes set out in paragraph 3.7 and responded to (see Appendix A - Feedback on customer comments).
- 1.6 Two viable options have emerged and are assessed in this report and will be considered by Cabinet (see section 4). Option one is to stop operating Friary Grange Leisure Centre and hand the property back to Staffordshire County Council in May 2020, with any future provision being addressed through the Local Plan process. Option two is to keep the leisure centre open, with a new lease, but without those facilities that are to be handed to The Friary School (all-weather pitch and sports hall), whilst a new facility can be built.

2. Recommendations

- 2.1 That Cabinet formally receives and consider the petition.
- 2.2 That Cabinet consider the options set out at section 4.
- 2.3 That Cabinet recommends to Full Council to amend the council's Medium Term Financial Strategy (MTFS) in line with the financial implications of the option (see Section 4) that is selected by Cabinet.
- 2.4 That Cabinet recommends to Full Council to amend the MTFS further by adding a contribution of £5m to the capital programme to provide for future leisure facilities in Lichfield.

3. Background

- 3.1 At its meeting on 12 June 2019, the council's Leisure Parks and Waste (Overview and Scrutiny) Committee considered a report on FGLC that described the situation as follows:
- FGLC is nearly 50 years old and is getting to the end of its economic life and is in need of significant investment in order to keep it safe and weathertight for up to five years.
 - SCC has stated that it does not intend to invest in the fabric of FGLC and issued LDC with 12 months' notice of the 1971 Joint User Agreement (JUA) from 30 April 2019 with a termination date of 30 April 2020 in order to facilitate the academisation process for The Friary School.
 - LDC issued Freedom Leisure (FL) with notice for the same period, in order to comply with its contractual requirements.
 - SCC presented LDC with draft Heads of Terms for a 10-year lease, which was not favourable to LDC, in order to continue to use certain aspects of the leisure facility from May 2020 onwards.
 - The change in the way the property was to be managed and maintained from May 2020 would have led to additional revenue costs for LDC, if it was to continue to operate the leisure facility.
 - The additional cost to LDC of keeping FGLC open for a five year period was approximately £948,000, with a likelihood that additional costs might be incurred despite this investment.
 - The net revenue cost to LDC of a permanent closure of FGLC over the next 5 years was estimated at £419,198.
- 3.2 The Overview and Scrutiny Committee recommended to Cabinet as follows:
- Lichfield District Council should exit the building by April 2020 because of the unfavourable terms of a new lease being proposed by SCC, the current poor condition of the building and the level of investment that would be required to make good the building.
 - That the council should work with FL to manage an orderly withdrawal of the leisure service at Friary Grange Leisure Centre by the end of April 2020.
 - That the council should identify any possible alternative provision for leisure centre users and consider how a transition to these could be facilitated.
 - To develop a proposal within the next 12 months for how current and future leisure needs for the District could be met.
 - That the committee should be kept apprised on the mitigation strategy and work on future leisure provision.
- 3.3 Following the recommendation from O&S, on 9 July 2019 Cabinet decided to exit FGLC by April 2020 and made recommendation to Full Council to amend the MTFS accordingly. In addition, it asked officers to work with FL to manage an orderly withdrawal of the leisure service, identify any possible alternative provision for leisure centre users, and consider how a transition to these could be facilitated. Cabinet also requested the development of proposals within 12 months for how current and future leisure needs for the district could be met.

Petition

- 3.4 Petitions offer residents a chance to shape their area and influence decisions and the council is committed to accepting and publishing all related petitions, as long as they comply with its terms and conditions. The council was notified about the online petition to 'Save the Friary Grange Leisure centre in Lichfield' on Sunday 14 July 2019. The petition had received over 1,000 signatures, so it was formally recognised and triggered the need for a report to be considered by Cabinet. The petition was formally accepted by the Cabinet member and Leader of the Council from the petition organisers on the 27 September 2019. The petition can be viewed at: <https://www.lichfielddc.gov.uk/friarypublicmeeting>.
- 3.5 On 16 July 2019, a meeting of Full Council decided not to seek to amend the Medium Term Financial Strategy in line with the FGLC decision, until cabinet had considered the petition. A special public Cabinet meeting was arranged for Monday 7 October 2019 to consider the petition and feedback from residents and users of the facility for which this report has been prepared.

Appendix 1 - FGLC - Cabinet Report

Consultation feedback, FOIs & correspondence

3.6 Following the decision to close FGLC, the council received feedback and comments from the public.

3.7 There are a number of themes that have emerged and these are summarised under the headings:

- Health and wellbeing
- Children and young people
- Swimming
- Alternative options
- Future provision
- Partner roles

The issues raised are considered and responded to in **Appendix A** - Feedback on customer comments.

3.8 The council received a number of Freedom of Information requests relating to FGLC, including usage and participation rates, income levels and any cost savings generated through outsourcing to the council's leisure partner Freedom Leisure (FL), the building's condition survey, any health and safety reports and equality impact assessments, and any Councillor interests.

3.9 In order to allow everyone access to the information and not just the requester, the council published these FOI requests and its responses to www.lichfielddc.gov.uk/friaryfoi

Alternative options

- 3.10 A number of organisations have approached the council about whether opportunities could be explored to provide alternative arrangements for the continued use of FGLC. These included Planet Ice, Lichfield Swimming Club and BTIC.
- 3.11 Each opportunity was explored, however after careful scrutiny it was decided that the council could not enter into projects with additional partners at a site with such complexities. We also explored whether we could lease part of the leisure centre, but the loss in operating revenue meant this would have increased the net cost to the council. Many of the issues regarding value for money and increased liabilities for the council remained and as such these proposals were deemed not viable.

All weather pitch and sports hall

- 3.12 SCC transferred the all-weather pitch and sports hall to Greywood Multi-Schools Trust (GMT), which now incorporates The Friary School, on 1 September 2019 on a 125-year lease. As part of this agreement, the trust is required to make these facilities available for community use during non-school hours, but there is no specification of what this use will comprise or the cost.
- 3.13 The facilities transferred to the trust will not be available to LDC after April 2020, which means the contract between LDC and FL needs to be renegotiated. FL has indicated that it would be prepared to continue to operate FGLC (under option 2) from May 2020 onwards without the all-weather pitch and sports hall, but would require compensating for the impact of loss of income.
- 3.14 With the transfer of the all-weather pitch and the sports hall, the estimated loss of income to FL is £90,000 per year, set against a saving of £5,000 overheads (£85,000 net). This revenue cost implication has not changed since being reported previously, and would be £425,000 in total for the five year period identified (2020-2025).

Sport England Grant

- 3.15 Recent investment in FGLC pool (wet side) changing rooms was supported through a £200,400 Sport England (SE) grant in July 2013. According to the grant requirements, it needs to be repaid if FGLC ceases to operate within a period of 21 years. LDC has been liaising with SE regarding the closure of FGLC, and seeking support in terms of what the districts future leisure options might be. SE has verbally confirmed that if the council continues to operate FGLC until a new facility is available, the grant may not have to be repaid.
- 3.16 SE have confirmed that if FGLC was to close with no ambition for a direct replacement, they would seek clawback of the full grant.

Appendix 1 - FGLC - Cabinet Report

- 3.17 In assessing the cost implications of the options it is assumed any closure of FGLC, in advance of another pool being available, would result in repayment of the grant (i.e. worst case scenario), however if progress on a new facility was advanced this may be negotiable.

Agreements with SCC and school for future operation post April 2020

- 3.18 Since July, SCC has revisited its offer to LDC in terms of the leisure centre site. To help LDC to attempt to keep the facility open to the public they have offered a more flexible lease that has a shorter duration and three-month break clause, with no dilapidations clauses. This is fundamentally more favourable to LDC because it reduces the likely capital expenditure requirements over the longer term and allows flexibility for any future exit plan.
- 3.19 Heads of terms are in the process of being agreed with Greywood Multi-Schools Trust (GMT), should the council continue occupation of the facility beyond April 2020. In this circumstance, Lichfield District Council would be responsible for all operating costs relating to the facilities within the retained portion of the leisure centre, including compliance and a contribution to any shared costs with the school through a joint-use agreement. FL contribute £150,000 towards running costs, which are expected to increase to £200,000 per annum, due to additional compliance requirements. Within option two, £50,000 has been incorporated within the revenue budget to cover all potential increased costs for the district council, including the maintenance costs for the external areas.
- 3.20 If FGLC remains open (option two), LDC would need to complete a number of actions within a short time period, including confirming a lease arrangement with SCC for the next five years, ensuring a joint use agreement with GMT is in place from May 2020 onwards, ensuring that FL agree to continue to operate the centre under the proposed options, and withdrawing its termination notice. In addition it would need to appoint contractors to complete the essential capital works to ensure that the building remains safe, water tight and weather proof.
- 3.21 In respect of the capital works the most suitable project delivery model would be to appoint one main contractor, with a quantity surveyor (QS) appointed on behalf of LDC. The main contractor would be site manager with subcontracts for the various works, which would be completed in phases. In order to keep the facility open and minimise impact on customers, work could be completed during non-opening hours or at the very least minimising closure periods. It is estimated that this would take 40 weeks, including carrying out a tender process and the appointment of contractors to carry out the work.

Equalities Impact Assessment (EIA)

- 3.22 The Equality Impact Assessments (EIA) carried out both identified that the closure of FGLC would have a negative impact on the Penguins' Disability Swimming Club, which currently uses the facility.
- David Lloyd has indicated that whilst its facility is currently at capacity, particularly its swimming pool, it might be able to accommodate the Penguins' Disability Swimming Club, but there are limited timeslots available and these might not be compatible with the club's needs.

The EIA also identified the council's target groups who benefit most from using FGLC as being:

- People on low income
- People experiencing mental health problems
- Young people who are already or are in danger of being involved with ASB and crime.
- People who are physically inactive
- Child and adults who are classified as obese
- People who are socially isolated
- Adults with cardiac health problems

Mitigation strategy for closure

- 3.23 The risk of closure identified swimming pool users are those most likely to be affected and the council has talked to private operators within the district to understand whether there is availability and capacity at their pools, but no firm arrangements have yet been secured. The council has been informed that FL will be revising its time slots at Burntwood Leisure Centre to provide some additional capacity, but the facility is already facing demand pressures.

Appendix 1 - FGLC - Cabinet Report

- 3.24 The majority of other non-swim users could be accommodated through:
- Facilities elsewhere within the city or by utilising Burntwood Leisure Centre.
 - The sports hall and all weather pitch will still be available for public use from May 2020 onwards, albeit managed through GMT. This is likely to be through contract bookings, but no details are yet available.
 - There are a number of local gyms within Lichfield that could be accessed as an alternative for gym users.
- 3.25 It is recommended that a provisional sum of £75,000 is set aside to support any mitigation proposals that are introduced to help support those affected by any closure.

Visitor Numbers

- 3.26 During the period April 2018 – March 2019 FGLC had 131,476 active attendances. From information we've acquired from FL and local sports clubs, we identified the following usage:
- 350 individual gym members.
 - 1033 individual casual users taking part in swimming and aerobics classes.
 - 24 cardiac rehab participants.
 - Lichfield Swimming Club has 110 members
 - Penguins Disability Swimming Club has 40-50 members.
 - Approximately 500 children attending the Learn to Swim Programme.
 - 25 local primary schools attending swimming lessons.
 - Approximately 25 local sports clubs using the facilities for training and competition.
- 3.27 The table below demonstrates the footfall in four key areas of the leisure centre. Swimming and fitness classes have stayed relatively static over the last five years but there has been a significant decrease in gym usage and swimming lessons. The gym numbers could have been impacted by the number of new gyms opening up locally in Lichfield recently.

	01/4/2014- 31/3/2015	01/4/2015- 31/3/2016	01/4/2016- 31/3/2017	01/4/2017- 31/3/2018	01/4/2018- 31/3/2019
Public swimming	26587	27360	28204	25676	22768
Gym	21104	16426	12674	19985	16452
Classes	8781	10224	12901	17097	17695
Swim lessons	23184	23777	23363	27008	22359

Reference to policy issues including social value of leisure.

- 3.28 Social, physical and environmental considerations, often referred to as the social determinants of health, can often have a far greater impact than direct medical care on how long people live and how well people live, and the council would want to create healthy and sustainable places to live.
- 3.29 Whilst independent legal advice confirms there is no duty or legislative requirement on LDC to provide leisure centres or facilities, the council's own health and wellbeing strategy is wide and varied and is discharged in a number of ways. They are not purely related to physical exercise or the provision of leisure facilities.
- 3.30 LDC needs to take into account the cost benefit of spending public money on a physical resource. Evidence suggests that the majority of activity and leisure pursuits are conducted outside of leisure centres.

Future needs post Friary Grange Leisure Centre

- 3.31 Future needs for leisure should be identified and pursued through the refresh of the Local Plan which is currently underway. It is through this strategic and legally required plan that a council identifies the demand for such facilities, along with other infrastructure needs, to support the growth proposed.
- 3.32 In order to meet the need in the timeframe given LDC would have to accept responsibility, both for planning and evidencing need, procuring and providing a facility and a sum of money set aside in budget for this project work to be undertaken and for, at least, a capital contribution to the facility itself.

Appendix 1 - FGLC - Cabinet Report

- 3.33 There are a range of options open to the council in terms of **what is provided** (from a pool only through to a fully equipped centre with multiple sporting offers) **how it is financed and operated** (by the council, a partnership approach with the leisure market, or developer provided etc.) and **where it is based** (council owned land, third party land). It would be inappropriate within this report timeframe to have determined a long-term solution - expenditure of that level requires careful consideration and there would need to be consultation about what should be provided. Hence a sum of capital expenditure would be needed to meet the minimum requirements (£5 million), or by a contribution to a larger project, rather than a specific defined project.
- 3.34 LDC would seek all available grant monies in support of a new facility, but these are not guaranteed, can come with specific and onerous grant conditions and can be time consuming to complete.
- 3.35 Under current development agreements, Section 106 contributions have been agreed for the purpose of refurbishing the existing centre and the development of a new one.
- 3.36 These in no way cover the full costs of either scenario, and are subject to thresholds of development being reached, but present calculations and analysis show from a total £571,038 which is associated with leisure facilities at FGLC, only £347,752 of this could be used to support the refurbishment of facilities at FGLC. We expect to receive £153,164 imminently that could be used for refurbishment. Of the remaining payments, due on completions of development and not yet received, a further £194,588 could be used for refurbishment if they were received in time. For the purposes of this report the £153,164 S106 monies have been budgeted for.
- 3.37 In the event that the FGLC is closed, the monies for refurbishment (£347,752) could be lost if we were not able to agree another option with the developers who made these contributions.
- 3.38 Any monies received that could be used to offset the future refurbishment or future provision would be used. This could potentially reduce the budget pressure to the council by up to £347,752 for capital refurbishment costs. There is a time limit on when the monies can be spent (i.e. often within five years of receipt). In addition, it is expected that £223,286 of developer monies set aside for new or additional facilities at FGLC would need variations to their S106 agreements in order to be used as a capital contribution to fund any replacement facility.

Risk assessment of the building works required and the project budget (option two)

- 3.39 Officers and the council's quantity surveyor (QS) revisited FGLC, re-evaluated the original condition survey and re-calculated the likely costs for option two in order to:
- Understand further the level of risk and the elements of the maintenance and repair where uncertainty/risk was present.
 - Ensure that the project budget for these works was robust, reflects risks and is contained.
- 3.40 The council's QS has produced a costed budget for works of **£353,000**. This budget has a number of areas of uncertainty/risk that could impact on the level of expenditure.
- 3.41 The risks identified by the QS have been assessed using the council's risk management approach (likelihood and impact) to determine the level of risk severity.
- 3.42 The potential impact on the budgets where the uncertainty/risk has been assessed as being material or severe has been calculated using a range of uplifts to determine the potential impact on the budget.
- 3.43 These uplifts range from **£79,210** (uplift of 40%) to **£396,050** (uplift of 200%) although these can only be indicative because they are based on a visual inspection of the building.
- 3.44 Taking into account the QS budget of **£353,000**, professional fees **£45,000** and risk assessed project contingency produces an overall project budget that ranges from **£477,210** (40%) to **£794,050** (200%).
- 3.45 If option two is selected, it is recommended a capped project budget is set at the 150% level of **£695,000** including project contingency of **£297,000**. This is a large contingency provision, but LDC cannot write an open cheque, and there is a limit to the funds that can be made available. Therefore, if the maintenance cap is reached, and additional works need doing, it is likely that FGLC, including the pool, will close regardless of how far the council is into building a new facility. The detailed risk assessment is attached at **Appendix B - Quantity Survey Budget and Risk Assessment**.

4. Analysis of options

4.1 There are 2 options available to LDC as follows:

- 1) To continue with Cabinet's decision to stop operating FGLC and hand the property back to SCC at the end of April 2020. Future provision of any required leisure facilities would be addressed through the Local Plan process.
- 2) To keep FGLC open without the all weather pitch and sports hall with a new lease with SCC with a view to replacing FGLC with a new facility as soon as possible, subject to a cap in capital expenditure on FGLC of £695,000 for the five year period.

Option 1	To continue with Cabinet's decision to stop operating FGLC and hand the property back to SCC at the end of April 2020. Future provision of any required leisure facilities would be addressed through the Local Plan process.	
	Advantages	Disadvantages
	<ul style="list-style-type: none"> Financial risks are predictable and more controlled. All liabilities associated with an ageing building are limited to May 2020. There is no long term agreement that ties LDC into a high cost, high risk situation. The saving in the FL contract payment could be used as part of the mitigation plan to support priority users. 	<ul style="list-style-type: none"> It will negatively impact users of the centre. It will have an impact on the delivery of targeted activities including poor health prevention and management, preventing social isolation, diversionary ASB activities, healthy lifestyles and people with disabilities. It will reduce the number of affordable facilities and usable options for people and clubs in Lichfield. It is likely that up to 42 posts will be made redundant. It is likely to result in the repayment of the SE grant. Potential loss of Section 106 monies totalling £347,752.

For option 1, **the net cost to the council is £476,000** and the detail of this is shown in the finance section below.

Option 2	To keep FGLC open without the all weather pitch and sports hall with a new lease with SCC with a view to replacing FGLC with a new facility as soon as possible, subject to a cap in capital expenditure on FGLC of £695,000 for the five year period.	
	Advantages	Disadvantages
	<ul style="list-style-type: none"> Affordable facilities and usable options for people and clubs remain available in Lichfield city until a replacement facility is provided for. The proposed lease is now more favourable because it doesn't require a minimum five year term and will allow acceptable timescales for closure should the need arise. It is unlikely any posts will be made redundant. It will contribute to the delivery of targeted activities including poor health prevention and management, preventing social isolation, diversionary ASB activities, healthy lifestyles and people with disabilities. It will avoid repayment of the SE grant. Potential to utilise Section 106 monies towards FGLC refurbishment. 	<ul style="list-style-type: none"> There is no definitive quantifiable outcome to managing the condition of the building for up to five years, unless a financial cut off is imposed. The current estimates are built on the visual survey only and there is a risk costs will escalate as work begins. It provides uncertainty for financial modelling and imposes more financial risk to the council. The risk of increasing revenue and capital budget pressures is significant and could worsen. Increased LDC officer involvement and revenue costs to manage works programme and future needs project. The building could still close at some point in the future despite any investment given the age and condition of the building. Potential loss of Section 106 monies totalling £223,286.

For option 2, **the net revenue cost is £708,000** and the **total capital cost is £695,000** the detail of this is shown in the Finance section below.

Appendix 1 - FGLC - Cabinet Report

Alternative Options	<ol style="list-style-type: none"> 1. The council has had discussions with the school, SCC, Planet Ice, BTIC and Lichfield Swimming Club to see if there are any other potential solutions. We also explored through potential partial closures whether we could operate and or lease specific parts of the leisure centre such as just the swimming pool. However no viable alternatives to those proposed herein have been identified.
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Consultation	<ol style="list-style-type: none"> 1. Consultation has taken place with FL, Friary School, SCC and SE. 2. The Leisure Parks and Waste (Overview and Scrutiny) Committee at its meeting on 12 June 2019 considered a report on this matter. 3. Cabinet took a decision to exit from FGLC on 9 July 2019. 4. Cabinet members attended a public meeting at Curborough Community centre with residents and users who opposed the closure decision. 5. The council accepted a petition to save FGLC on 14 July 2019. 6. The council received a number of complaints, suggestions, and FOI requests.
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Financial Implications

It is important to note that in terms of the council's Approved Medium Term Financial Strategy:

- The council currently has a current projected Revenue Budget Funding Gap in 2020/21 of **£612,000** that increases to **£1,099,000** in 2023/24.
- There is an uncommitted earmarked reserve of **(£896,940)** resulting from a VAT repayment in 2018/19 for leisure activities that could be utilised to fund one off or short term costs. The use of the earmarked reserve would mean alternative investment needs could not be funded from this source.
- It is inadvisable and contrary to best practice to use reserves to fund additional ongoing revenue costs.
- The future funding position of the Council is very uncertain with the delay in the Fair Funding Review and the implementation of 75% Business Rates being delayed until 1 April 2021.
- In terms of any replacement facility, it is assumed this will be funded by borrowing given the current lack of available funding. The cost or contribution towards a new facility is shown below:

Replacement Facility							
	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	TOTAL £000
Capital Programme - Long Term Replacement							
Additional Cost to the Council	38	164	189	2,349	2,260	0	5,000

Revenue Implications							
Additional Cost / (Saving) to the Council	0	0	0	0	0	294	294

- In this option, there is a total capital cost over the six year period of **£5,000,000**. This includes:
 - A budget to facilitate or deliver a long term replacement of **£5,000,000** funded by borrowing.
 - The annual cost of financing the Long Term Replacement of **£294,000** in year 1.
 - At this stage, it is assumed that beyond the financing cost, the facility would not require further subsidy from the Council for its ongoing operation. However this assumption would need to be considered in more detail as part of the options for delivering the long term replacement facility.

In terms of the two options being considered, the capital and revenue costs are detailed below:

Appendix 1 - FGLC - Cabinet Report

Option 1								
	Type	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	TOTAL £000
Revenue Implications								
Redundancy	Reserve		280					280
Sport England Grant	Reserve		200					200
Exit Costs	Reserve		40					40
Existing Contract	Recurring			(52)	(27)	(22)	(18)	(119)
Mitigation Strategy	Recurring			28	25	22		75
Total:		0	520	(24)	(2)	0	(18)	476

Funding:								
Earmarked Reserve - VAT	Reserve	0	(520)	0	0	0	0	(520)
Additional Cost / (Saving) to the Council	Recurring	0	0	(24)	(2)	0	(18)	(44)

- In this option, there are net revenue costs over the six year period of **£476,000**. This includes:
 - One off revenue costs of **£520,000** (redundancy, Sport England Grant and exit costs) and it is recommended that these are funded through the VAT repayment earmarked reserve.
 - Revenue savings of **(£44,000)** relating to savings in the contract with Freedom Leisure of (£119,000) less the cost of the three year mitigation strategy of £75,000.

Option 2							
	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	TOTAL £000
Capital Programme - Short Term Refurbishment							
Project Budget	174	521	0	0	0	0	695
Less available Funding:							
Eligible Section 106	0	(153)					(153)
Earmarked Reserve - Sinking Fund	(17)						(17)
Earmarked Reserve - VAT Repayment	(157)	(368)					(525)
Additional Cost to the Council	0	0	0	0	0	0	0

Revenue Implications							
Ongoing Costs	33	135	135	135	135	135	708
Short Term Costs	20	50	30	10	10		120
Earmarked Reserve - VAT Repayment	(20)	(50)	(30)	(10)	(10)	0	(120)
Additional Cost / (Saving) to the Council	33	135	135	135	135	135	708

- In this option, there is a total capital cost over the six year period of **£695,000**. This includes:
 - The cost to the Council of refurbishing Friary Grange Leisure Centre of **£695,000** related to the risk assessed project budget.
 - Available funding from Eligible Section 106 and a sinking fund of **(£170,000)**.
 - It is recommended that the remaining cost of **£525,000** is funded through the VAT repayment earmarked reserve.

Appendix 1 - FGLC - Cabinet Report

- In this option, there are net revenue costs over the six year period of **£708,000**. This includes:
 - Ongoing additional costs of **£708,000** related to operating Friary Grange Leisure Centre until closure. At this stage, given these are ongoing costs until closure, it is not recommended that they are funded through the use of reserves and therefore they would increase the funding gap.
 - Short term costs of **£120,000**. It is recommended these costs are funded through the VAT repayment earmarked reserve resulting in £252,000 remaining available to fund other investment needs within the council.

Contribution to the Delivery of the Strategic Plan

1. The Council's Strategic Plan describes healthy and safe communities as a corporate priority. In particular, the plan states that 'we want local people to have access to opportunities to be active and live healthy, fulfilled lives'.
2. Furthermore an analysis of all strategies and policies of the council has been undertaken. Reference is made in the Physical Activity and Sports Strategy (PASS) 2016 – 2020 to provision of leisure facilities as follows:

Objective 3 Places to be active – To provide good quality, accessible and sustainable places to be active.

 - a. Ensuring that there is sufficient supply of leisure facilities to meet demand.
 - b. Ensuring that leisure facilities are well run and sustainable.
 - c. Maximising the use of non-traditional or informal spaces for sport and physical active.
 - d. Capitalising on opportunities through parks and outdoors including Chasewater.
3. Clearly there would be a partial impact on the achievement of this ambition if FGLC were to close. BLC would remain open. The PASS is, however, due for review in 2020.

Equality, Diversity and Human Rights Implications

1. A Full Equality Impact Assessment was completed in July and have been published as part of the [FGLC FOIs](#). This is still valid for option one. This identified that a closure of Friary Grange Leisure Centre would result in a loss of leisure facilities that would impact on the health and wellbeing of people of all ages.
2. If the centre does close, a mitigation plan would identify alternative provision for existing leisure centre users and consider how a transition to other facilities and activities could be facilitated. It also identified that certain users could not be re-accommodated elsewhere. A summary of the EIA and mitigation measures investigated to date is detailed in paragraphs 3.21 to 3.24. There have been no changes in circumstances which would alter the EIA for Option 1 as publicised through the FOI request.
3. As option 2 would result in all services continuing there would be no requirement for an EIA.

Crime & Safety Issues

1. FGLC presents opportunities for activities diverting young people away from anti-social behaviour. Other measures to address ASB across the district would still take place.

GDPR/Privacy Impact Assessment

1. An evaluation has been completed which determined that a Privacy Impact Assessment does not need to be undertaken.

Risk Analysis

When the risks were first assessed this resulted in a rating as set out in the second column below but following work by officers and other parties the risks have been re-assessed to show that post mitigation they will be rated as set out in the fourth column.

Option 1

	Risk Description	Original Severity / Likelihood	How We Manage It	Post Mitigation Severity / Likelihood
A	Closure is completed in a disorganised way that affects the reputation of the council.	H/H	<ul style="list-style-type: none"> Develop a Withdrawal Plan. Plan communication work Existing staff needs to be considered. Notify key partners such as SE. Robust Communication Plan in place. Explaining the closure to the community. 	M/M
B	Friary closes due to unmitigated Health and Safety risk within the next 12 months.	M/H	<ul style="list-style-type: none"> Some limited investment works have been undertaken to prevent this type of occurrence but there's no guarantee of preventing a closure due to the condition of the building. 	M/M
C	Lack of proper communication regarding any further closures.	M/H	<ul style="list-style-type: none"> Ensure the Communications Plan is robust and deals with the known range of issues and our reasons. 	M/M
D	Financial forecasting isn't fully predictable due to the complexities of contracts, conditions of assets and 3 rd party involvement.	H/H	<ul style="list-style-type: none"> The most up to date budgets are provided with updated versions on a continual basis. 	M/M
E	It is likely to result in the repayment of the SE Grant.	H/H	<ul style="list-style-type: none"> SE have confirmed that if FGLC was to close with no ambition for a direct replacement they would seek clawback of the grant. 	H/H
F	Potential loss of Section 106 monies totalling £347,752.	H/H	<ul style="list-style-type: none"> The council would need to repay these monies to developers under the terms of the S106 agreements. 	H/M

Option 2

	Risk Description	Original Severity / Likelihood	How We Manage It	Post Mitigation Severity / Likelihood
G	FL issue notice to LDC for FGLC and withdraw from the facility.	M/H	<ul style="list-style-type: none"> Recent discussions have provided some surety that FL would continue to operate the facility if the capital investment is made and that FL are compensated for their loss of income as a result of facilities being withdrawn from use. If FL did withdraw, the council would have to TUPE staff and could continue to operate the facility itself. 	L/L

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H	LDC complete works that are abortive due to not having agreements in place with SCC or Greywood Multi-schools Trust.	M/H	<ul style="list-style-type: none"> Ensure that the position and agreement with SCC is agreed and in place prior to any investment taking place. Enter into a lease with SCC and dual use agreement with Greywood Multi-schools Trust prior to any works taking place. 	L/L
I	Significant failure from known risks cause injury.	H/L	<ul style="list-style-type: none"> Deliver specific investment project if the centre is to remain open. No known serious H&S risks are known of at the moment. 	H/L
J	Financial forecasting isn't fully predictable due to the complexities of contracts, conditions of assets and 3 rd party involvement.	M/H	<ul style="list-style-type: none"> The most up to date budgets are provided with updated versions on a continual basis. A range of costs including contingencies have been included to reflect a variety of scenarios. 	M/M
K	The cost of maintaining the building could escalate out of control due to the condition of the building.	H/H	<ul style="list-style-type: none"> Set a financial threshold for the level of investment committed to the capital programme for FGLC. Once this is reached, no further works will be carried out and the centre will have to close. A range of costs including contingencies have been included to reflect a variety of scenarios. 	M/M
L	It provides uncertainty for financial modelling and imposes more financial risk to the council.	H/H	<ul style="list-style-type: none"> Continue to assess the condition of the building and highlight material risks. A range of costs including contingencies have been included to reflect a variety of scenarios. A cap has been set and once this is reached, no further works will be carried out and the centre will have to close. 	M/M
M	The risk of increasing revenue and capital budget pressures is significant and could worsen.	H/H	<ul style="list-style-type: none"> Continue to assess the condition of the building and highlight material risks. Continue to work with GMT and FL to manage costs and increase income to alleviate pressures. 	M/M
N	Increased LDC officer involvement meaning that other work is not being carried out.	M/M	<ul style="list-style-type: none"> Identify the revenue costs resource needed to manage FGLC works programme and any future facility requirements. Implement a project team for the delivery of capital project and building compliance work. 	M/M
O	The building could still close at some point in the future despite any investment given the age and condition of the building.	H/M	<ul style="list-style-type: none"> A condition survey and set of proposed works have been completed and a significant contingency level provided to allow for any future issues. Continue to assess the condition of the building and highlight material risks. 	H/M
P	Section 106 monies for refurbishment of FGLC are not received or are ineligible.	M/M	<ul style="list-style-type: none"> Monitoring of development sites undertaken on a regular basis to determine S106 funds due. 	M/M

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			<ul style="list-style-type: none"> Negotiations to take place with developers to re-allocate any sums due or collected as a contribution to FGLC refurbishment or new build. 	
Replacement Facility				
	Risk Description	Original Severity / Likelihood	How We Manage It	Post Mitigation Severity / Likelihood
Q	The future funding position of the Council is very uncertain with the delay in the Fair Funding Review and the implementation of 75% Business Rates being delayed until 1 April 2021.	H/H	<ul style="list-style-type: none"> To ensure the Medium Term Financial Strategy is based on prudent assumptions including appropriate levels of reserves to mitigate financial risks. 	H/H
R	The Council Breaches its Partial Exemption Limit as a result of the provision and operation of a new facility.	M/H	<ul style="list-style-type: none"> This will be monitored as the options are refined and specialist VAT advice will be obtained to manage the risk. 	M/M

Background documents:

Appendix A - Feedback on customer comments

Appendix B - Quantity Survey Budget and Risk Assessment

Relevant web links: