

Options Appraisal – Leisure Centre Provision**February 2018****1.0 Purpose of Report**

This report examines the options available for leisure centre facilities in the West of Newark and Sherwood.

The report looks at the facilities in the West of the District compared to the facilities elsewhere in Newark and Sherwood, in terms of their location and the facilities mix at our leisure centre sites.

Further, as part of a the attached market analysis it looks at population masses in the West of the District and locations which have the largest number of potential customers within a 20-minute drive time (after which it has been shown that customers are not likely to travel to use a facility). It goes on to look at local population factors which influence a preferred location of leisure facilities, such as health indicators, sport England profiles and considers the wider strategic developments taking place in the West of the District.

A summary of the options and their feasibility are considered in this report as it is anticipated that a full business case will be developed for the preferred option identified in the conclusion – subject to approval by Members.

2.0 Background

A review of leisure centre facilities in the west was included within the Council's revised Medium Term Financial Strategy, approved by Policy and Finance Committee on 29 June 2017.

A cross Council and Company Project Team was established in December 2017 led by Matthew Finch (Project Director) and Leanne Monger (Project Manager / member of the Council's Commercials Project Development Team) and Andy Carolan from Active4Today (Senior User). The Council also engaged suitably qualified and experienced project managers Turner & Townsend Project Management Ltd through a competitive tender exercise to help deliver, in the first instance, a feasibility study into the options discussed in this report for delivering leisure centre facilities in the West.

The agreed aims of the project are to:

- Undertake an options appraisal of leisure centre facilities in the West of the District, with the aim of increasing regular participation in exercise and provide encouragement for sporting participation
- Support the achievement of better health and wellbeing outcomes for the community, particularly but not exclusively in helping to tackle increasing levels of obesity
- Support recovery from illnesses and conditions which are life-threatening or are likely to reduce longevity, by providing appropriate opportunities to incorporate exercise in the recovery programmes
- Help overcome barriers to accessing leisure opportunities by providing welcoming, affordable and varied activities and facilities
- Further reduce the revenue costs of leisure, recognising the non-statutory nature of the service and the financial challenges that the Council continues to operate within.

- Deliverables are items directly tied into the objectives and the scope of the project.

3.0 Current provision in Newark and Sherwood

Newark and Sherwood covers a large geographical area, representing one-third of Nottinghamshire. The population of Newark and Sherwood is 119,600 (LG Inform Plus) with the largest settlement in the West being in Ollerton and Boughton (10, 292).

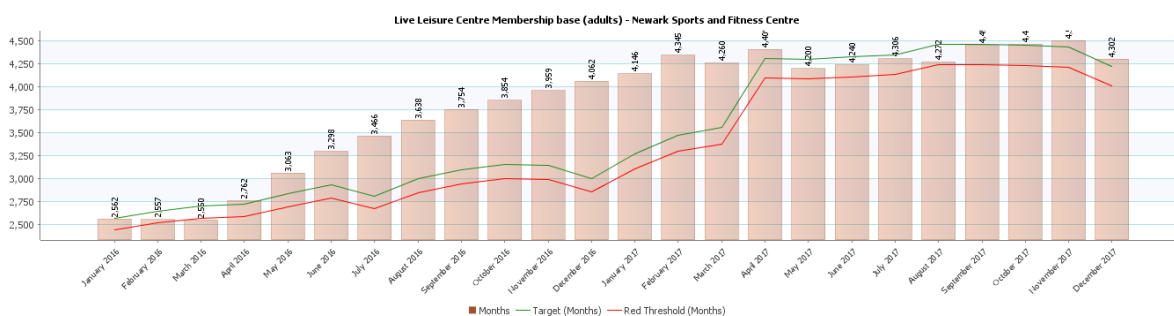
3.1 Newark

The Newark Sports and Fitness Centre (NSFC) opened in 2016 at a cost of £9.4-million. The Centre comprises a full facilities mix of wet and dry-side activities, including a six-lane 25 metre pool, a 20 metre learner pool, four court sports hall, 850 sq metre fitness suite, two dance studios and two squash courts.

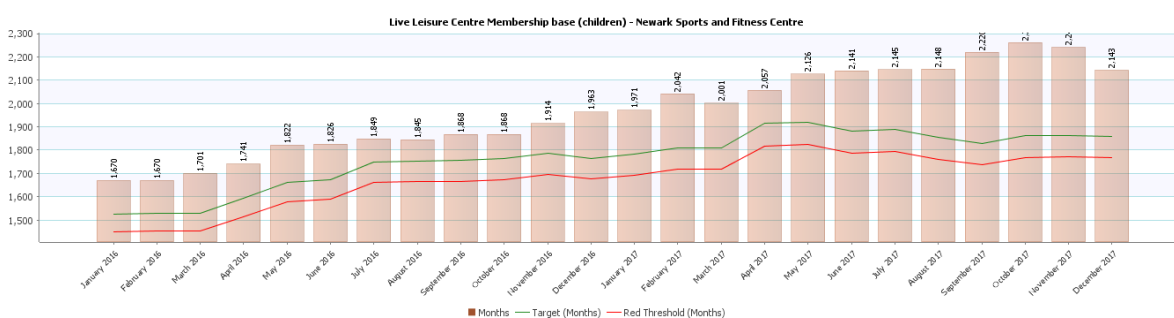
In addition, the Council is facilitating exciting plans from the YMCA to deliver a range of outdoor sporting activities on land next to the NSFC, which will create an integrated indoor and outdoor sporting hub on a single site in the town.

The membership base has seen huge growth since the opening of NSFC and closure of the former Nottinghamshire Council owned facility, Grove Leisure Centre. This has been achieved through a number of projects and developments which have been implemented, including regular reviews of programmes, club bookings, pay and play activities, technology, capacity, workforce planning, staff training and introducing new activities.

In terms of adults, the number of members was 2,562 in January 2016, with the opening of NSFC in April 2016; the membership base has increased to 4,302 in December 2017.



In terms of the children's offer, there has also been a steady increase in the membership base following the opening of the new facility.



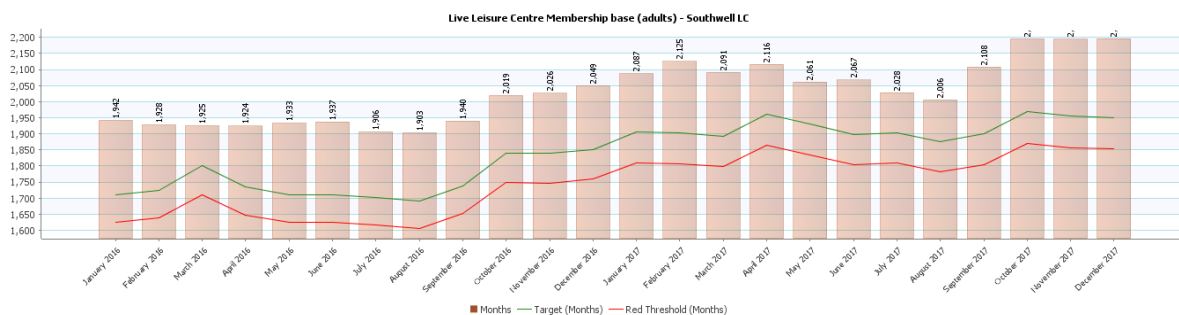
There are many other activities on offer for both adults and children in the Newark area and this includes participation within voluntary run sports clubs, other fitness and leisure providers, personal training academies, a cinema and the soon to be provided, outdoor sporting hub, which will be located on the site adjacent to the NSFC and offer an extensive range of outdoor sporting provision. The major strength of NSFC, is the combined wet side and dry side provision and the breadth of sporting activities on offer for all ages within the family, which is not offered or provided by other operator within the town.

Both children and adult membership bases appear to be at a plateauing now, following the expedient growth which was experienced within the first 12 months of operation at the NSFC. Currently there is very little movement month on month, however, it is anticipated 2018 data will start to see the seasonal trends of participation in the industry.

3.2 Southwell

Within Southwell, the leisure centre is run by a board of Trustees with support from Active4Today and Newark and Sherwood District Council. The leisure centre comprises of a full facilities mix of wet and dry-side facilities, including a 25 metre pool, a learner pool, four court indoor sports hall, fitness suite, dance studios and squash courts; the centre also has a 5-a-side, 3G multi-use games area (MUGA) adjacent to the leisure centre. The centre began its life in 1965 as a swimming pool only and over the years has seen substantial investment from both the Trustees and the Council, culminating in the impressive facility which exists today. Since 2004, approximately £2m capital investment has been made into this facility.

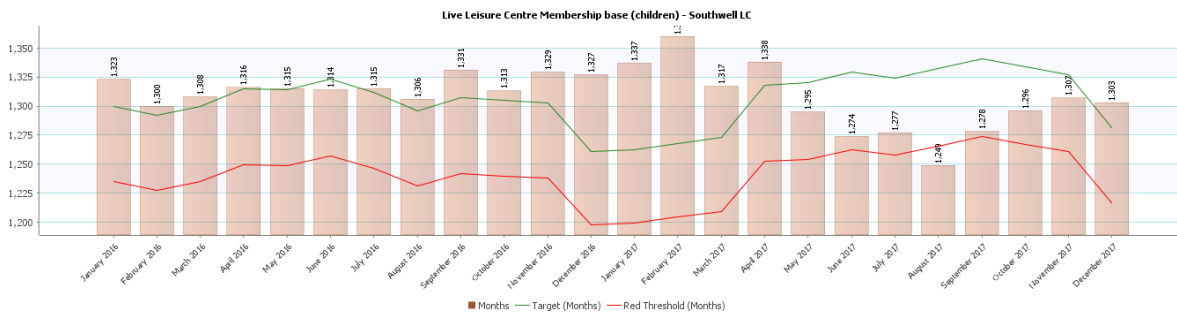
The centre receives services from A4T to support both the adult and children's membership base. Although a separate Charitable Trust, the offer to the customer in terms of direct debit memberships is the same as the offer within the NSDC owned/A4T operated sites, allowing customers to have one membership, which allows access to all of the four sites.



The adult membership base at Southwell has seen some growth in the last 24 months as demonstrated in the graph. Memberships rose from 1,942 members in January 2016, rising to 2,196 members in December 2017. The large investment which was made to the fitness equipment of over £200,000 has contributed to the membership increase, which has been seen in the latter months of 2016.

A number of other refurbishments have been completed in 2016/2017, which has included the squash courts and wet side family changing rooms.

The children's membership has remained quite stable over the past 24 months, with peaks and troughs taking place during the traditional seasonal variances. Currently the membership stands above the predicted target (green line); however, membership has seen a net reduction of 20 members throughout the last 12 months period, from 1,323 members in December 2016 to 1,303 members at December 2017.



3.3 Provision in the West

The situation in the West of the District is more complex and currently fragmented. Until recently, the Council was able to offer customers in Ollerton a full facilities mix in the same location, as it does in Newark and supports in Southwell. However, our leisure facilities in the West are now split over three sites:

3.3.1 Ollerton

The Dukeries Leisure Centre comprises of a four court sports hall, fitness suite, dance studios, a squash court and, until recently, had a pool (hired through an arrangement with the neighbouring Dukeries Academy to enable members to participate in swimming).

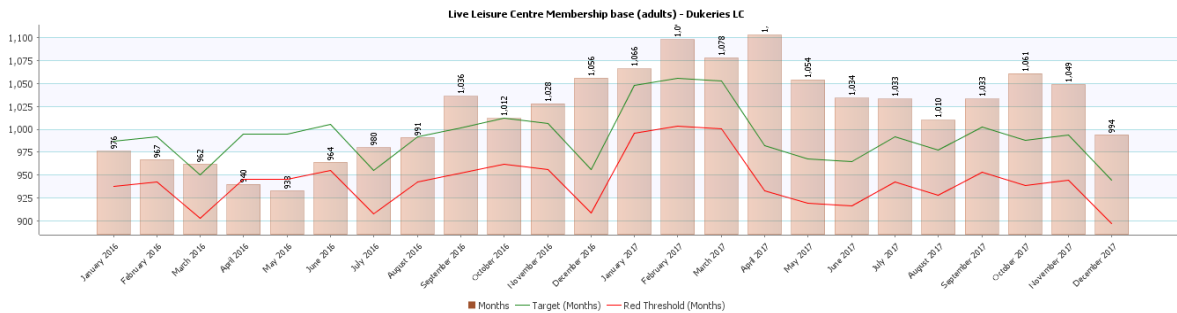
The leisure centre, which was refurbished within the mid 1980's, has seen a steady and continuous investment into its repairs and renewals since this time, ensuring the fabric of the building remains in very good condition and the offer to the customer is of a very good standard. Recently investment into the facility has included; fitness suite refurbishment, office refurbishments and main hall refurbishment, to the value of approximately £100,000.

In practice, the arrangement with the Academy over the pool hire was never completely ideal. The pool facility was very old (circa late 1960s) and lacked from adequate investment, resulting in a pool hall which did not provide a good environment for customers and was not accessible to all customers within the community. In addition, the pool was only available to customers outside of school hours and, because it sat in the physical footprint of the school, gave rise to security concerns and meant that customers who wished to use the gym before going for a swim, would have to change in the dry-side changing, move to the wet-side changing and change again before being able to swim.

In July 2017, this arrangement came to an end when the Trust which runs the Academy gave the Council limited notice that it would be closing the pool indefinitely.

Since that time, Active4Today have entered into an arrangement with the privately run South Forest Leisure Centre in Edwinstowe to hire its pool to be able to continue all swimming-based memberships and avoid a potential loss in members and revenue which could pass back to the Council by way of a request for an additional management fee.

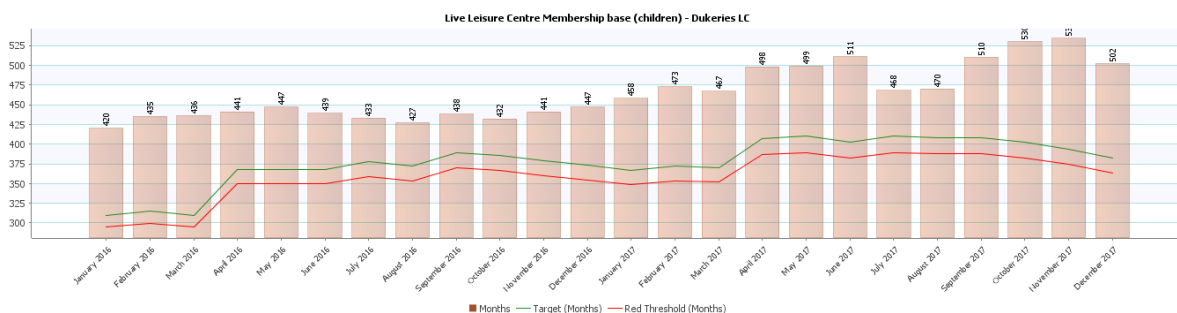
The adult membership base at Dukeries began to experience a steady increase following investment in the fitness suite and the introduction of new equipment in June 2016, along with the other sites and the opening of NSFC. Since this point, the membership base has also achieved the budgeted target number to ensure income levels are maintained. In July 2017 the adult membership began to suffer slightly, which it is thought could be attributed to the closure of the Dukeries Academy pool.



In comparison, the children's membership saw a slight decline during July 2017 due to the closure of the academy pool; however, with some partnership working, and improvements made to the activity offer, the confidence of members is beginning to return and numbers are beginning to stabilise and slightly increase. In terms of the overall net effect, membership at the Dukeries is not experiencing growth like the other centres.

3.3.2 Edwinstowe

The South Forest complex, built late 1990 is owned privately and operates as a private business. The building is currently used as a community leisure centre with a freeform swimming pool, small gym, function rooms and restaurant.



A4T has signed up to a 12 month service level agreement from 31 July 2017 – 30 July 2018 with South Forest complex, based on the existing swimming lesson programme covering a set number of hours per week at key times. In addition, an agreement was reached to allow access for adult members to laned swimming on set days. This was accommodated for a set annual fee.

The current usage of South Forest is for approximately 400 children's swimming lessons however as there is no front of house system in place there linked to membership base, we are unable to obtain usage data of swimming participation outside of lessons.

Feedback received since the relocation in the Summer, has been positive. A4T senior Management have worked with South Forest staff to improve cleanliness, viewing, shared equipment and marketing of the site, which has proved beneficial as anecdotally South Forest has seen an increase in secondary spend (catering/refreshments).

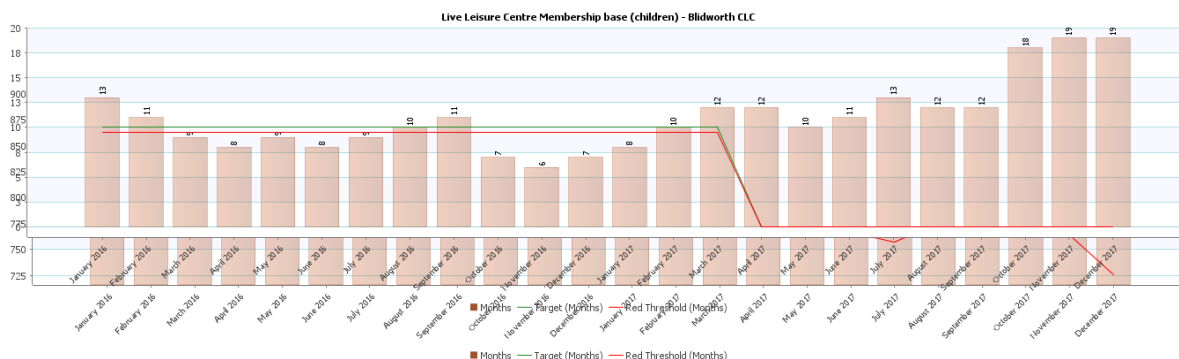
3.3.3 Blidworth

Within the West, the Council also provides Blidworth Leisure Centre. This centre is dry-side only facility, comprising a fitness suite and dance studios. The centre, which was originally a community centre was refurbished during 2008 to a value of approximately £900,000 and opened in January 2009, following the withdrawal from the Nottinghamshire County Council owned, Rainworth Leisure Centre.

With almost 900 members, it is the smallest of the Council-owned, A4T operated leisure centres within the District.

The offer at Blidworth targets the adult market with a ‘health club’ atmosphere, with very few junior or teenage users on a membership, as a result of the limited activities which take place at the facility. The current membership base in December 2017 was 858, experiencing seasonal peaks and dips from January 2016 where it was 817.

The junior usage at Blidworth is very low, with membership currently at 19 in December 2017. The membership data is monitored but it was agreed early in 2017 that no targets would be set for the forthcoming year.



4.0 Options Appraisal

The Project Team believe there are three broad options to appraise and have explored the feasibility of and potential for taking forward to delivery:

- **Option 1:** Stay the same and do nothing.
- **Option 2:** Provide a new Leisure Centre – on the land immediately in front of Dukeries site
- **Option 3:** Dukeries improvement scheme and pool hall new build

Each of these options will now be considered separately.

Some high level considerations were given to the potential opportunities offered through the partnership with South Forest. However, as evidenced in the market analysis, Edwinstowe is not considered to be the appropriate ‘place’ for investing in the development of Council owned leisure centre facilities given the needs identified. It is therefore proposed that the Council and A4T should continue to look at positive ways to work in partnership with South Forest separately to this project.

4.1 **Option 1: Stay the Same.**

This option would effectively mean that the current fragmented offer across the three sites at the Dukeries Ollerton, South Forest, Edwinstowe and Blidworth would remain the same and that there would be no capital or revenue investment in leisure facilities in the West of the District.

SWOT Analysis

Strengths Requires no capital investment No significant revenue loss Maintains current offer	Weaknesses Fragmented offer unequal to other facilities in the district No growth in membership and revenue Does not adequately address demand for swimming (market appraisal) Doesn't achieve project aims
Opportunities To increase sports development offer (requires additional revenue)	Threats Decline of membership/revenue Not tackling wider health objectives South Forest lease uncertainty

Under this option, maintaining the current offer would mean that future revenue growth and improved social, health and wellbeing outcomes for residents would be uncertain. This option would not respond to the concerns coming out of the Ollerton and Boughton Study and wider master planning of the area, discussed in the market analysis.

4.2 **Option 2: New Leisure Centre Provision**

Turner & Townsend Project Management Ltd have provided project management support to understand the feasibility and cost of building a new leisure centre on land immediately in front of the current centre. The brief provided to Turner and Townsend included a centre which would comprise of a pool hall for a 25-metre pool, fitness suite, fitness studio, wet and dry change, spectator area, ancillary areas (office, meeting rooms), reception, plant room and circulation.

SWOT Analysis

Strengths Provides a 'beacon' in the west of the district Likely to increase membership and subsequent revenue income Lift the community Address project aims Replacement of mixed use facility Supported by partners – NCC, the Academy, Notts. Fire and Rescue	Weaknesses Requires significant capital investment Increased revenue (increased maintenance) Demolition of Dukeries asset
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Opportunities	Threats
<p>Greater awareness and pull for communities to engage in leisure opportunities</p> <p>Replicate the success of NSFC</p> <p>Compliments wider strategic developments taking place in the West of the District.</p> <p>Outdoor gym/sporting opportunities</p> <p>Re-invigorate Youth Centre</p> <p>Closer leisure facilities for academy pupils – especially for swimming lessons.</p>	<p>Potential loss and re-provision of car parking or sports pitches</p> <p>Possible land issues – County Council land on 125yr lease to the academy</p>

Whilst this option would provide a ‘beacon in the west’, boost memberships and revenue growth, it would require significant capital which is considered unaffordable and demolition of the existing Dukeries site – which is a fit for purpose dry-side facility. There may also be challenges with land acquisition and conversations with Sport England would need to be progressed sensitively as they would be statutory consultee’s on any proposals.

Financial Appraisal - Option 1: New Leisure Centre

Capital Costs		
Construction costs		£10,137,365
Fee’s (including project management, design and planning fees)		£877,011
Fixtures, Fittings and Equipment		£545,000
Project Contingency		£ 1,165,938
Total		£12,725,314
Costs incurred to date for feasibility (including cost of consultants and surveys)		£60,000
Demolition costs – Dukeries site		£200,000
Land Purchase		£100,000
Total		13,085,314
Revenue		
Projected Growth – per annum	£120,649	

4.3 Option 3: Dukeries Improvement Scheme and Pool Hall New Build

Turner & Townsend Project Management Ltd also provided project management support to understand the feasibility of building a new pool hall and new central entrance onto the current facility. This would again be a 25-metre pool, potentially with a movable floor, and with changing facilities included. The most obvious space for such a facility would be on the current car park and consultants were also tasked with addressing, depending on the siting of the proposed pool hall, scope to look at an entrance which is more central and has a better spatial relationship to the facilities within the leisure centre and the new pool hall.

SWOT Analysis

Strengths Provides a 'beacon' pool facility in the west of the district Likely to increase participation, membership and subsequent revenue income Lift the community Address project aims Replacement of mixed use facility Investment in existing asset Removes cost as a barrier – with increased costs incurred for members travelling to South Forest. Supported by partners – NCC, the Academy, Notts. Fire and Rescue	Weaknesses Requires Capital Investment
Opportunities Greater awareness and pull for communities to engage in leisure opportunities Replicate the success of NSFC Compliments wider strategic developments taking place in the West of the District. Free from previous joint use restraints. Outdoor gym opportunities Re-invigorate Youth Centre Closer leisure facilities for academy pupils – especially for swimming lessons.	Threats Possible land issues – County Council land on 125yr lease to the academy

This option is considered to have the same strengths and opportunities as the new leisure centre option but at a cost that is a more proportionate amount of capital funding. The proposed improvements would also make best use of an existing asset owned by the Council providing excellent dry side facilities; address circulation and car parking issues whilst also providing a new pool hall, with new fun elements and a soft play/party area for children. Under this option it is also proposed that the facility at Blidworth remains as it is meeting a need in that community and is self-financing.

This option also provides an opportunity to achieve a wider vision for improving outdoor sporting and leisure facilities. Conversations with partners suggest there may be scope to consider further opportunities presented by the MUGA, Youth Centre and Green Gyms to deliver wider health benefits.

Financial Appraisal - Option 2: Dukeries Improvements Scheme and Pool Hall New Build

Capital Costs	
Construction costs	£5,715,461
Fee's (including project management, design and planning fees, building condition, ecology/topographical surveys)	£805,740
Fixtures, Fittings and Equipment	£381,500

Project Contingency		£ 1,004,430
Total		£7,907,131
Costs incurred to date for feasibility (including cost of consultants and surveys)		£60,000
Demolition costs – Dukeries site		Nil
Land Purchase – gifted		Nil
Total		£7,967,131
Revenue		
Projected Growth – per annum	£74,570	

5.0 Conclusion and Preferred Option

Given that the market analysis concludes that:

- Ollerton & Boughton is the most suitable location for a leisure facility as it has the highest population mass, largest growth, highest indices of deprivation and lower life expectancy; and
- further determines that this leisure facility should remain at the current Dukeries Leisure Centre site, with swimming provision re-provided addressing concerns arising from the Ollerton and Boughton study, making the case for a full facilities mix (of dryside and wet side facilities) under one roof.

It is concluded that **Option 3: Dukeries improvement scheme and pool hall new build** would address the findings in the market analysis and meet the aims of this review project set out in paragraph 2. Additionally conversations to develop a wider vision for improving outdoor sporting and leisure facilities could be progressed, complementing the master planning of the area.

This option is also considered financially more proportionate to the new build option and would be making best use of an existing asset owned by the Council providing fit for purpose dry side facilities, address circulation and car parking issues whilst also providing a new pool hall, with new fun elements and a soft play area for children.

It should be noted that Option 3 is also considerably cheaper than the new build option (Option 2) costing an additional £5m, which could be invested more prudently in line with the Council's Commercial Strategy to generate a greater return on investment.

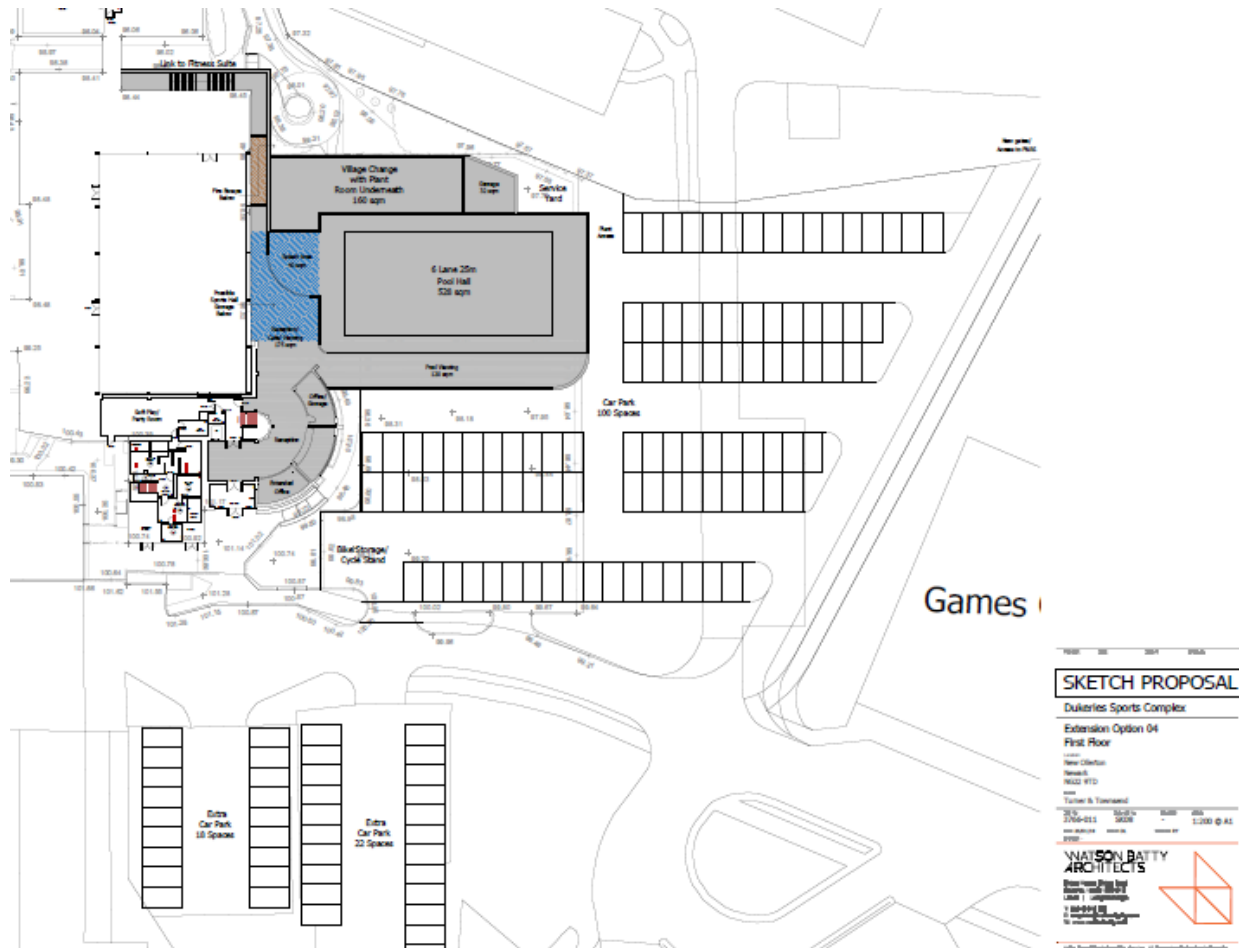
It is therefore recommended by the project team that a detailed business case be developed for Option 3: Dukeries improvement scheme and pool hall new build to be brought back to Members in Spring/Summer 2018, which will include detailed cost plans and architect drawings to RIBA stage D. If Members decided to take this option forward to delivery, practical completion is expected to be Spring/Summer 2020.

A feasibility layout drawing and map identifying the small piece of land the County Council has agreed to transfer to the Council at nil cost (subject to member and secretary of state approval) are provided as appendices.

APPENDICES

Appendix A

Option 3 – Dukeries Improvement and Pool Hall New Build - Feasibility Layout Drawing



Proposed Land Transaction/Acquisition

