

POLICY & FINANCE COMMITTEE

27 JANUARY 2022

MAGNUS ACADEMY HOCKEY PITCH REFURBISHMENT

1.0 Purpose of Report

1.1 To secure Committee approval to progress with the refurbishment of the existing Artificial Grass Pitch (AGP) at the Magnus Academy to secure a “fit for purpose” facility that will enable school and community use and in particular Newark Hockey Club (NHC), to continue to train and play competitive hockey in Newark from the site for the foreseeable future.

2.0 Background Information

2.1 Newark Hockey Club, one of only two clubs in Newark & Sherwood, was established in 1897 and has in excess of 300 members from 5 to 60+ from across the district and further afield and currently runs 8 senior teams (4 men’s and 4 ladies) competing in leagues across the Midlands. It also has a thriving junior section and academy set up developing the players of the future who will hopefully emulate the success of former club players, GB Captain and multiple Olympian, Adam Dixon and Olympic Gold and Bronze medallist Shona McCallin MBE. The Club also hosts and runs a very successful ‘Primary School’ programme from its club base which provides local schools with the opportunity to participate in the sport whilst serving as a player recruitment programme to sustain the clubs long-term future.

2.2 The current AGP was part of a larger Sport England grant funded project opened in 2001 to improve both indoor and outdoor sports provision at the Magnus School. NHC were a partner in the original project and moved to the new facility on its opening and has been a primary user of the facility for the last 20 years. The current pitch is a sand-filled AGP, which is one of the preferred surfaces for competitive hockey unlike the Third Generation (3G) pitches opened recently at the YMCA Community and Activity Village. The new pitches at the YMCA are the preferred surface for competitive football but not suitable for hockey. Like all artificial sports surfaces (carpets) they have a useable lifetime before they deteriorate to a point where they are no longer safe for competitive play. The typical lifespan of such a pitch is between 10 and 15 years although this is determined by the level of use and the maintenance undertaken.

2.3 Clearly the Magnus pitch has survived longer than most similar pitches but is now deemed to be in need of replacing if NHC is to continue to play hockey in the town given that the pitch is the only one of its type within an approximate 10 mile radius. The urgent need to replace the pitch is the recommendation of England Hockey’s approved synthetic turf pitch consultant based on a condition survey carried out in 2017 and more recently, December 2020. The conclusion and recommendation from the report is that ‘the pitch is at risk of failing its performance assessment’, which would mean that competitive hockey would not be deemed safe to play due to deterioration of the surface generally, including the shock-pad base and the failure of the seams across the pitch and line repairs causing potential trip hazards.

- 2.4 The need to support NHC to secure a refurbished playing facility has been recognised for some time and in January 2020 Policy & Finance Committee approved the principle of a loan of £240K to the Magnus Academy to progress with a refurbishment project to secure the facility for community use for a period of 15 years plus. Unfortunately the Academy then advised the Council that it was unable to enter into a loan arrangement for such a project with the District Council and therefore a different approach would need to be developed in order to secure the refurbishment.
- 2.5 Following a number of meetings with the Academy and discussions with partner organisations including NHC, Active4Today (A4T), England Hockey (EH) and Sport England (SE), it is now proposed that the District Council finances the new AGP facility through an approved procurement method and thereafter operates the AGP facility through A4T for a period of 15 years. The terms of the management arrangement will be set out in a Community Use Agreement (CUA) signed by the Magnus Academy Trust, Magnus Education Foundation, A4T and the District Council.
- 2.6 The CUA sets out the responsibilities of the parties and covers the operational aspects of the AGP. A4T will be responsible for the lettings of the facility and will retain all the income over the 15 year period and will be responsible for a level of specialist maintenance over the period of the agreement. The Academy will provide access to the AGP and ancillary facilities such as car parking, changing and toilet facilities. In addition the Academy will provide staffing as part of the partnership with a site officer being responsible for operational activities including the opening and closing of the AGP on behalf of A4T as the Academy will retain management responsibility of its indoor facilities and grass pitches for community use.
- 2.7 The change in approach will require Policy & Finance Committee approval and the budget provision will potentially need to be increased to cover rising costs and the latest cost estimate is estimated to be c.£352.5K which does include some optional added value elements which are highlighted in more detail in the table 1 below.
- 2.8 Although the refurbishment costs are not significantly higher than previously anticipated, the original grant support potentially available from either EH or SE, estimated to be in the region of £60K, is no longer accessible primarily because EH no longer has capital funding available to it. Also SE Community Asset Fund (CAF) has been temporarily suspended as resources have been redirected to Covid response and recovery schemes such as the National Leisure Recovery Fund (NLRF) for which the District Council received £267K to support its leisure centres through the pandemic. Table 1 outlines the estimated costs associated with the proposals as follows:

Description – Minimum Specification	Estimated Cost £ Ex VAT
Preliminaries and Site Establishment	10,000
Site Clearance	15,500
Shockpad Replacement	42,000
Synthetic Surface	185,000
Pitch Markings	4,000
Landscaping and Reinstatement	500
Contingency c.@5%	12,000
Lighting Upgrade	41,500

New Goals	14,000
Total	324,500
Optional Added Value	
Spectator Area	13,000
Dug Outs and Recess Areas	15,000
Total Additional	28,000
Total Costs	352,500

Table 1

The costs of the minimum specification deemed appropriate as outlined above is £324.5K with added value elements increasing the cost to £352.5K if they are included in the specification. The additional two items would improve the overall project and offer for parents and spectators, by accommodating them in a pitch side area which is outside the playing area therefore safer for all parties.

- 2.9 Although some previous grant funding opportunities are no longer accessible, additional grant funding opportunities will be investigated to secure financial support towards the project which could reduce the overall borrowing costs if successful. For example officers will work with representatives of NHC to bid for grant funding towards the purchase of new goals and 'dug outs' through the Nottinghamshire County Council Local Communities Scheme which is keen to receive applications from sports clubs. NHC has confirmed that it will lead on this application and make the submission. In addition the Club have been asked provide a written commitment, to the Council, to use the facilities for the duration of the CUA and this proposal will be considered by the NHC Committee at its next meeting.
- 2.10 As detailed in Table 1, it is proposed that the existing lighting system be upgraded as part of the overall scheme because it uses dated and expensive lamps which should be replaced with LED energy efficient and technologically advanced lights which will reduce future energy and maintenance costs, reduce the facilities carbon footprint as well as improving the performance characteristics of the lighting for all participants.
- 2.11 The proposed approach provides a number of benefits over the original loan proposal in that in addition to securing the new facility for all partners, it presents A4T with a new asset to develop (the only one it will have of its type in Newark) and an element of control over the community use of the new facility, presenting an opportunity to generate higher levels of income and usage secured through the CUA. It is therefore anticipated that this will have a positive impact on its trading position moving forwards and improve the Company's annual outturn position in future years which it presents to the Council.
- 2.12 The financial implications section below sets out the forecast annual income and expenditure likely to be realised from this facility. Based on the current assumptions it is estimated there would be an annual shortfall of income of circa £1,800.
- 2.13 In order to offset the potential annual shortfall in the operating outturn for the AGP it is suggested that a proportion of the current Sports Grant scheme is allocated towards this project if required. Currently within the inherent overall Management fee paid to A4T a sum of £7,500 is included which is part of the Council's wider Community, Sports and Arts open grant programme which provides support to sports clubs to deliver sporting projects

that benefit the clubs and the wider sporting community. A potential of utilising a small amount (up to £1,800PA based on the current figures) from this grant provision to support this project has been mooted, as it is felt this meets the criteria. As referenced elsewhere in this report, the NHC is an EH affiliated club, which supports 300 plus players. The facility is a community facility benefitting not just the hockey community but other sports also. Due to this, it is felt that the proposed contribution meets the objectives of the grant scheme. This would not affect the Council's budget but would in effect reduce the sports element from the scheme whilst the Coach Education £2.5K and Talented Individuals Free Use of A4T facilities support would be retained. It would however reduce the investment that the Council needs to contribute towards the project accordingly.

2.14 The proposal would be project managed on behalf of the Council by Notts Sport, which is the project delivery partner for England Hockey at no cost to the Council. Notts Sport have an approved list of 14 contractors which are part of an informal framework developed over many years, all of which would be invited to tender for the work through the Due North Pro-Contract system, thereby providing a level of transparency. However this approach would need the Council to complete a CPRE as the approved list is not a fully compliant framework but would demonstrate an acceptable level of due diligence in the approach and value for money in terms of the procurement.

2.15 If approvals can be secured to progress the project, it is likely that the work can be scheduled to take place before the summer holidays 2022, thereby reducing any disruption to a minimum for the NHC and the academy and enable the new facility to be available for community use during the summer holidays.

2.16 **Comments from Active4Today**

2.16.1 A4T commenced trading as the Council's wholly owned Leisure Company on 1st June 2015. At this time it operated 3 leisure centres and a sports development team across the district with an overall aim of making more people, more active, more often.

2.16.2 Since then the company has developed its offer further and now operates another wet and dry leisure centre within the district, plus the leisure offer of 4 school academies (3 of which are Newark based and one in Nottingham).

2.16.3 Having the opportunity to take on the AGP at Magnus would add to A4T's portfolio and increase access for the community to another leisure asset. As has been stated above, the main user of the pitch would be the NHC, however, outside of their booking, it is estimated that football will also be a key user of the pitch with clubs, individuals and leagues being provided on this surface. In addition, the pitch will provide access for holiday time activities outside of the school programme and be available for use by the sports development team and the targeted work which they support.

2.16.4 The pitch will be added to the Company's on-line booking process and will form part of the suite of resources available for the community. It is expected that this facility will be well received by the customers and it is hoped that as the programme develops, so will usage and income for the site.

3.0 Proposals

3.1 It is proposed that the project progresses as outlined in 2.5 above and the District Council delivers the new pitch facility through Notts. Sport in return for a 15 year CUA management agreement delivered by A4T.

4.0 Equalities Implications

4.1 There are no equality implications in respect of the various protected characteristic groups in connection with this proposal. If approval is secured as proposed, the ATP facility provision, operated by the Magnus Academy, will be enhanced for the benefit of the whole community as its use is wider than hockey use and A4T will ensure that the facility aligns with its Equalities Policy.

5.0 Digital Implications

5.1 There are no adverse digital implications for this proposal. A4T will build the system for the new facility into its existing management software and this will improve the user experience when it becomes operational. In addition, the facility will be promoted far more effectively through A4T's web and marketing infrastructure.

6.0 Financial Implications (FIN21-22/5212)

6.1 Active 4 Today were asked to estimate the likely annual income and running costs anticipated from the site. The table below sets out that forecast. This has been supplemented by information gathered from internal departments and external sources regarding forecast use of utilities, maintenance and operational administration costs and income potential from NHC as the sites primary user.

	Estimated Annual running (Cost)/Income
Forecast Income	£37,500
Utilities	(£3,700)
Maintenance	(£2,000)
Administration	(£3,000)
Total net operational income	£28,800

6.2 The income forecast is based upon anticipated use including the hockey club's usage, and other alternative bookings for football. This could be improved upon utilising further marketing and advertising, or potentially the price point, but currently is the best quality forecast modelled. Conversations have taken place with Newark Hockey club regarding an uplift to the hourly rate that they pay currently. The £37,500 in the table above includes the uplift in the hourly rate agreed with the Hockey club and estimates a mix of adult and junior provision, whilst allowing for fallow hours where the facility is not utilised.

6.3 The figures forecast for expenditure have been generated from external advice, internal communications with the Environmental Policy and Projects Officer supplemented through conversations with A4T and Notts Sport and again represent the best estimates of annual expenditure.

- 6.4 Currently the Council has a £240,000 capital loan within the Capital Programme which was approved in January 2020 that is financed by borrowing. The original anticipation of that report was that the school would fund the principal and interest costs of the project. Should the proposals of this report be approved this would necessitate a change to the capital budget.
- 6.5 Based on the table at paragraph 2.9 the proposed capital cost is £352,500. As this scheme is proposed to be funded by borrowing, this cost will be charged to the revenue account over the life of the asset being approximately 15 years. This would equate to a principal repayment of £23,500 per annum (in MRP) with an additional £7,100 of interest cost, making a total cost of £30,600.
- 6.6 When including the annual running costs and income with the borrowing costs above, the annual shortfall is then:

	Value
Annual running costs/income	£28,800
MRP and interest costs	(£30,600)
Shortfall Total	(£1,800)

From the table, this shows that the annual contribution that the Council would need to make to enable this project to happen would be £1,800. This does not include any allowance of reduction based on the grant programme described at paragraph 2.14 above.

- 6.7 There is potential to receive up to £20,000 from the Nottinghamshire County Council LCF, which would be able to contribute towards some of the costs of the project. This would have to be applied for by the Hockey club but having liaised with County colleagues, it is anticipated that the Hockey club may be able to passport their allocation to the Council in order to contribute to the overall project. Should this be the case, the £20,000 allocation would reduce the borrowing requirement to £28,800 overall meaning that the scheme would break even annually. As this is yet to be secured, this has not been factored into the table at 6.6 above. However, if this is not possible there is an option to remove the costs associated with the goals and dugouts from the scheme and this can be addressed outside of the contract through a separate arrangement thereby reducing the subsidy currently forecast at £1,800pa to zero. However, the discounts that can be achieved through purchasing the equipment through main contract would not be available to the Club and consequently the procurement of the equipment would be more expensive.
- 6.8 Should the decision be not to fund the anticipated shortfall of £1,800 per annum utilising the grant scheme, then this would fall as a cost to the Council as the budgeted Management fee to A4T would reduce by £28,800 with the additional costs of MRP and interest being £30,600. Should the decision be made to utilise the grant scheme, the A4T budget would be reduced by £30,600 accordingly. Also should the LCF grant from NCC be receivable of £20,000, this would then reduce the MRP and interest budgets to £28,800.
- 6.9 Should assumptions over income or expenditure be too prudent and an annual surplus on these projections be realised, this would contribute towards the overall A4T Company expenditure and hence mean that the actual management fee cost would be reduced by the additional surplus mean. Conversely the opposite would occur where a deficit compared to the above is actually realised.

7.0 Community Plan – Alignment to Objectives

7.1 The delivery of this project will make a significant contribution to the Council's Community Plan Objective of 'improving the health and wellbeing of local residents' by enabling greater participation in sport and recreational activities for the local community.

8.0 RECOMMENDATIONS that the Policy & Finance Committee approve:

- (a) the proposal to progress with the refurbishment of the Artificial Grass Pitch at the Magnus Academy;**
- (b) the increase of £112,500 in the capital budget funded by borrowing;**
- (c) the reprofiling of the capital scheme into the 2022/23 financial year; and**
- (d) the shortfall of £1,800 be absorbed into the Council base budget, based on the reduction of £28,800 in the budgeted Management Fee to Active 4 Today together with the increase in capital charges of £30,600 within the General Fund revenue account from 2023/24.**

Reason for Recommendations

To ensure that the facility is retained as a valuable recreational infrastructure resource for the wider community and to enable Newark Hockey Club to continue to play competitive hockey in Newark.

Background Papers

Nil.

For further information please contact Andy Hardy on Ext 5708

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