

BRIEFING PAPER

SUBJECT: THE FUTURE OF ST MARY'S LEISURE CENTRE
DATE: 10 OCTOBER 2019
RECIPIENT: OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE

THIS IS NOT A DECISION PAPER

SUMMARY:

A decision-making report regarding the Future of St Mary's Leisure Centre will be considered by Cabinet on 15th October 2019 ("the Cabinet Report").

Solent University ("SU") have managed St Mary's Leisure Centre ("the Centre") under a Service Concession ("the Agreement") since 1st August 2010. This Agreement formally ended on 31st July 2019 to allow SU to operate from a newly-constructed facility. By agreement with the Council, SU are continuing to operate the Centre whilst the process described in this Briefing Paper is undertaken (subject to Cabinet approval on 15th October 2019).

It is recommended that a 'Community Hub' facility is created in the Centre. This is intended to be a flexible and vibrant space which brings a number of providers together to offer a range of activities, programs and services to the whole of the local community in order to make an active and positive contribution to the achievement of the Council's Strategic Objectives including:-

- Southampton has strong and sustainable economic growth;
- Children and young people get a good start in life;
- People in Southampton live safe, healthy independent lives and
- Southampton is an attractive and modern city where people are proud to live and work.

BACKGROUND and BRIEFING DETAILS:

1. The Centre is an ageing facility which is Grade 2 Listed. Its condition is such that a number of repairs will need to be undertaken in the short to medium term. The Centre is situated in an area of significant deprivation and which has a very diverse population. Whilst this creates challenges in terms of developing an offer with sufficiently broad appeal, it also creates an opportunity to develop a facility which actively supports the whole of the local community.
2. The Cabinet Report recommends that a competitive bidding process is undertaken to select a new operator of the facility. Subject to acceptable service proposals, service standards and commercial terms, this will result in the Council granting a new lease and entering into a new contract with the selected operator.

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3. It is intended that an organisation will be appointed to operate and maintain the Centre for a period of twenty years.
4. The new facility will support and offer a range of services to the community. The objectives include:-
 - Creating an inclusive and vibrant facility which will be attractive to, and used by, the local community and the community of the wider city;
 - Offering a range of activities and opportunities which are accessed by a broad cross-section of the community;
 - Offering a sufficiently flexible space, lease and contract terms to allow small operators to occupy and/or sub-let spaces to help ensure that a diverse range of activities are offered; these may include 'pop-up' organisations which may elect to operate from the facility for relatively short or longer periods of time;
 - Offering a bidding process which allows bidders to be creative and innovative in their offers. It is anticipated that bids and proposals may include outreach activities, therapy facilities and activities to promote and support positive mental health, physical health and wellbeing activities, art and culture offerings, sports and fitness activities and activities aimed at young people and
 - Ensuring that there is a requirement for the incoming operator to consider offering a publicly-accessible gymnasium and a squash court. The rationale for the former is to continue to provide an opportunity for local community to continue to have access to very local exercise facilities and the latter because there is a deficiency of squash facilities in the city. It should be noted that if, at any point, the operator's position is that there is no longer a community need for these facilities, then the operator will be entitled to approach the Council to describe their proposals, rationale and seek permission to discontinue providing one or both of these facilities.
5. The competitive process, in summary, consists of an assessment of bidders' proposals under the broad headings of the benefits to the whole community, quality of proposal, plans for the future of the centre and the financial stability of the bidding organisation.
6. The Council has been informally approached during 2019 by a number of organisations who have expressed an interest in operating the Centre on either a commercial, community or specific sole interest basis. Records of these approaches have been retained and these organisations will be made aware that the opportunity is formally available at the point at which the bidding process commences.
7. It is likely that the Centre would struggle to directly compete with SU's sports and fitness facility, which is in the vicinity. The change of the offer at the Centre to a community hub facility will complement – rather than seeking to compete with - the SU offer in order to provide a wider and more diverse range of activities and opportunities for the local community.
8. It is anticipated that, subject to the process resulting in a successful appointment, the new operator will take possession of the Centre between March and April 2020.

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9. It is likely that the new operator will need to close the facility for a period to convert the facility to support its new use. The incoming operator will be required to communicate with, and involve, the local community during this works phase.
10. A consultation process has been undertaken to seek views regarding the future of the Centre. The consultation ran between 23rd July and 8th September 2019.
11. This consultation included the following methods:-
 - A questionnaire was created to seek feedback and this was made available on the Council's website consultation page;
 - Notices were displayed in the Centre;
 - SU have shared the information with their customers;
 - The notice was also sent to local community groups and
 - The Council's Community Engagement Officer engaged with the local community receiving feedback and encouraging the submission of views from local community groups, organisations and individuals and
 - The Daily Echo promoted the consultation.
12. A total of 343 questionnaires were completed. The key question asked was to determine to what extent respondents agreed or disagreed with the proposal to create a community hub within the building. The result was that 83% of respondents agreed, 8% answered neither and 9% disagreed.
13. A question was asked to determine why respondents were interested in this consultation. The results were:-
 - 277 said 'as a resident of Southampton'.
 - 58 said 'as a current users of St Mary's Leisure Centre'.
 - 46 said 'as a community group or association'.
 - 32 said 'as a resident elsewhere in Hampshire'.
 - 22 said 'other'.
 - 18 said 'as a business or organisation'.
 - 14 said 'as an employee of Southampton City Council'.
 - 11 said 'as a political member'.
14. The top five locations to take part were:-
 1. 19% - Bevois Ward.
 2. 12% - Outside Southampton.
 3. 10% - Freemantle Ward.
 4. 9% - Bargate Ward.
 5. 8% - Shirley Ward.
15. Many comments were received on how to use the space in the future. The top five results were:-
 1. 139 stated for Sports and wellbeing use.
 2. 114 stated for Community driven use.
 3. 62 asked for focus on the young generation (youth, children & families).
 4. 43 asked for the facilities or purpose to not change.
 5. 41 asked for the use to be for arts and culture.

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16. The results of the consultation represent a strong endorsement of the approach recommended in the Cabinet Report. The headline proposal is supported by 83% of respondents and the recommended approach enables – subject to bids – four of the top five proposed uses of the space in future to be achieved.

RESOURCE/POLICY/FINANCIAL/LEGAL IMPLICATIONS:

Policy

17. The proposals are consistent with the Policy Framework.

Financial

18. The Council's financial and commercial assumptions are contained within confidential Appendix 1 to the Cabinet Report. Appendix 1 of the Cabinet Report is not for publication by virtue of categories 3 (financial and business affairs), and 7A (obligation of Confidentiality) of paragraph 10.4 of the Council's Access to Information Procedure Rules, as contained in the Council's Constitution.

It is not in the public interest to disclose this information as the appendix contains confidential and commercially sensitive information regarding the Council's commercial approach to a confidential bidding and selection process. It would prejudice the Council's ability to operate in a commercial environment and obtain best value in contract negotiations and would prejudice the Council's commercial relationships with third parties if they believed the Council would not honour obligations of confidentiality.

Property / Other

19. There is a risk that the process does not result in any bids which meet the Council's commercial and property requirements. If this were to occur, then the Council would review its requirements against the position of the market as established through the bidding process and consider alternative commercial options in a subsequent bidding process.

Legal

20. The bids and resulting land transfer will be required to be fully compliant with the Equalities Act 2010 including the positive duty to exercise the Council's functions having regard to the need to promote equality of opportunity and eliminate discrimination and harassment for those having protected characteristics under the Equalities Act 2010.

OPTIONS and TIMESCALES:

21. The options for the future of the Centre include:-

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- (i) **Creation of a community hub** - proceed with the competitive bidding process to find an operator to create a community hub. The results of the consultation support this approach. **This is the recommended option.**
- (ii) A **Community Asset Transfer (CAT)** – this option was considered, but has been rejected as it would not enable the Council to exercise sufficient control of the use of the Centre once it was transferred. This may result in the Centre not being used for a range of cross-community activities and this would not, therefore, support the outcome of the consultation. **This is not a recommended option.**
- (iii) **Continue to operate the Centre as a Leisure facility** - undertake a bidding process to select a new operator to continue running the Centre as an (exclusively) leisure and sports facility. A new leisure operator is likely to struggle to compete with SU's new sports facility which is in close proximity and has a 90 station gym, over 40 pieces of cardio equipment, a sports hall, a fitness suite and a range of other state-of-the-art facilities and equipment. Around 20% of the users of the Centre were members of the public and 273 former users of the Centre have now transferred and use the gym facilities at SU's new building. Furthermore, SU is a strategic partner to the Council and if the Council were to seek to compete on a like-for-like basis it is unlikely to be in the interests of either organisation or those who wish to use leisure facilities. This option would not support the outcome of the consultation. **This is not a recommended option.**
- (iv) **Lease the building** on the open market without use restrictions, subject to planning permission – the Council's assessment is that this is most likely to result in the facility being used for a purpose (such as a nightclub) which would not support the Council's objectives for the use of the facility, the beneficial outcomes of such use and the results of the consultation. **This is not a recommended option.**
- (v) **Sell the site** for development into housing or an alternative use. There would be two broad options:-
 - Option one would be for the Centre to be demolished so that new housing or an alternative use-building could be developed, however due to its Grade 2 Listing, a developer is very unlikely to obtain permission to proceed with such a demolition. **This is not a recommended option.**
 - Option two would be for a developer to convert the current building into living accommodation or an alternative use. This would present some issues due to the Grade 2 Listings and, therefore, any accommodation would need to be developed in the context of these restrictions. There is currently a flat on the 2nd floor but this is uninhabitable as the only available escape route is through the building. The Council's assessment is that the result of these challenges is that it is likely developing the Centre for housing purposes may not be financially viable. **This is not a recommended option.**

It is highly unlikely that either of the options above would support the outcome of the consultation nor the Council's objectives.

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RISK MANAGEMENT IMPLICATIONS

22. A risk register for the project has been developed. The key risk is that the Council's minimum requirements will not be met through the bidding process and that an operator cannot therefore be appointed.

Appendices/Supporting Information:

1. Equality and Safety Impact Assessment (ESIA)

Further Information Available From:	Name:	Paul Paskins
	Tel:	023 8083 4353
	E-mail:	paul.paskins@southampton.gov.uk



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Equality and Safety Impact Assessment

The **Public Sector Equality Duty** (Section 149 of the Equality Act) requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between different people carrying out their activities.

The Equality Duty supports good decision making – it encourages public bodies to be more efficient and effective by understanding how different people will be affected by their activities, so that their policies and services are appropriate and accessible to all and meet different people’s needs. The Council’s Equality and Safety Impact Assessment (ESIA) includes an assessment of the community safety impact assessment to comply with Section 17 of the Crime and Disorder Act and will enable the Council to better understand the potential impact of proposals and consider mitigating action.

Name or Brief Description of Proposal	For St Marys Centre to operate as flexible community hub including a limited leisure offering from January 2020 by allowing a property transfer with a lease to a sole Provider.
Brief Service Profile (including number of customers)	
<p>The aim is to provide a venue for a multi-use community hub including limited leisure facilities in St Marys, operated by one Provider who will operate and fully maintain the venue and be able to sub-let/rent out space to other organisations in order to provide an additional range of flexible activities for the whole community, which is not limited to leisure.</p> <p>Until May 2019 the St Marys Leisure Centre venue has provided leisure facilities to the local community of approx.150 users per week under an agreement between the council and Solent University.</p> <p>The building is being kept open with a limited service provision.</p> <p>The building use is currently classed as a D2 Assembly and Leisure venue for indoor sports and recreation only.</p> <p>The council wish to change the use to a D1/D2 Assembly and Leisure and Non-Residential mixed use venue which will allow the premises full flexibility to operate as a community hub from early 2020.</p>	
Summary of Impact and Issues	
<p>There is a possibility there will be a change in leisure provision delivered from the St Mary’s Leisure Centre venue, with only limited leisure provisions being retained (squash courts and gym).</p> <p>However, a modern new sports facility with community access has been built by Solent University in the area less than 0.2 miles away on the university campus site on East Park Terrace which can provide a full leisure service and more (except squash courts).</p>	

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Most of the current St Mary's Leisure Centre users have been encouraged to, and have transferred to this facility from May 2019.

There is no longer the need for a full leisure service to be delivered from St Mary's Leisure Centre.

A community hub which can offer a range of more flexible services will be much more beneficial to the local residents.

Potential Positive Impacts

Residents local to the venue (within 2 miles) will have a venue that can be utilised for a range of flexible services including limited leisure provisions that will benefit the community.

Costs to the Council for the building currently are significant and no future budget exists for any management fee or building maintenance and repair.

The new Provider will be fully responsible for structural, repair, building maintenance and insurance of the grade II listed building, removing the risk and cost from the council.

Responsible Service Manager	Paul Paskins
Date	
Approved by Senior Manager	James Strachan
Date	

Potential Impact

Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
Age	No specific impact	<p>The new gym at Solent University meets the needs of the older members of the community wanting to engage in leisure services.</p> <p>Improved venue and facility allowing for flexibility of services delivered dependant on community, local and central government trends.</p>
Disability	No specific impact	<p>The new gym at Solent University meets the needs of the disabled community wanting to engage in leisure services.</p> <p>The wheel chair basketball team has already relocated to the new facility.</p>

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Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
		Improved venue and facility which will be able to accommodate people with disabilities.
Gender Reassignment	No specific impact	No specific impact
Marriage and Civil Partnership	No specific impact	No specific impact
Pregnancy and Maternity	No specific impact	Improved venue and facility allowing for flexibility of services delivered dependant on community, local and central government trends.
Race	Negative impact	Solent University's new facility is in close proximity at East Park Terrace. It is open to members of the public and Solent have continued to offer their women only gym classes to the local BME community. 273 former users of St Mary's are already using Solent's facility.
Religion or Belief	Single sex classes held	The women only gym class has already relocated to the new facility at East Park Terrace.
Sex	Single sex classes held	The women only gym class has already relocated to Solent's new facility.
Sexual Orientation	No specific impact	
Community Safety	Positive impact	Most users live within a 2 mile radius. Having the building open and occupied rather than mothballed hopefully will deter from vandalism and anti-social behaviour.
Poverty	No specific impact	Improved venue and facility which can accommodate classes to promote health and well-being allowing for

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Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
		flexibility dependant on community, local and central government trends.
Health & Wellbeing	Positive impact	Improved venue and facility which can accommodate classes to promote health and well-being allowing for flexibility dependant on community, local and central government trends.
Other Significant Impacts		