

BRIEFING PAPER

SUBJECT: St Mary's Leisure Centre

DATE: 14 July 2022

RECIPIENT: Overview and Scrutiny Management Committee ("OSMC")

THIS IS NOT A DECISION PAPER

SUMMARY:

1. This paper briefs OSMC in respect of the Cabinet report of 19 July 2022 entitled "St Mary's Leisure Centre" ("the Cabinet Report"). The Cabinet Report concerns the recommencement of leisure services from St Mary's Leisure Centre ("SMLC"), additional services to be offered on an interim basis and the approach to designing a long-term future for SMLC.

BACKGROUND and BRIEFING DETAILS:

2. The Cabinet Report recommends that:-

- (i) On an interim basis, for a period of up to eighteen months, to recommence leisure services and associated additional services from SMLC and to delegate authority to the Head of Supplier Management - following consultation with the Cabinet Member for Health, Adults and Leisure, the Executive Director for Finance and Commercialism and the Service Director Legal and Governance – to enter into contractual and any associated arrangements with Active Nation UK Ltd ("AN") or an alternative operator to give effect to this recommendation.
- (ii) Cabinet note that a General Fund revenue saving of £148,000 relating to the closure of SMLC will now not be achieved from 2022/23 onwards. It is also recommended that Cabinet approve the reinstatement of the operational budgets of £148,000 in financial year 2022/23 and £100,000 in 2023/24. This will be funded from existing resources.
- (iii) Further General Fund revenue budgets of £30,000 in financial year 2022/23 and £20,000 in 2023/24 are allocated to the running costs for SMLC. This will be funded from existing resources.

Reasons for Report Recommendations

3. The Council intends, subject to the approval of the recommendations of the Cabinet Report, to recommence - at the earliest possible opportunity - services from SMLC for the benefit of the community.
4. AN are the operating sub-contractor for the Council's main leisure contract and are therefore best placed to mobilise and commence services within the Council's preferred timescales.

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Background and Details

5. SMLC is located in St Mary's Road and consists of a sports hall which was used for activities such as basketball and badminton, smaller rooms arranged around the main hall containing a variety of weights and gym equipment and two squash courts. The facility also contains a variety of other rooms.
6. An eight-week public consultation regarding the discontinuation of leisure services at SMLC ("the Consultation") was undertaken between 30 November 2021 and 24 January 2022.
7. In summary, 1,758 responses to the Consultation were received. 75% of respondents were users of SMLC (or parents of children who use SMLC). The highest numbers of responses were from those who took part in badminton activities, football and exercise classes.
8. 86% of all respondents to the Consultation reported a negative impact and 7% a positive impact as a result of discontinuation of the services, 6% felt there would be no impact and 1% did not know what the impact would be.
9. Leisure services operating from SMLC ceased in December 2021 at the conclusion of an arrangement with Solent University ("SU") to operate these services.
10. Following a Cabinet report and decision in February 2022, SMLC is currently closed to the public in accordance with recommendation (i) of this February 2022 Cabinet report.
11. Subject to the approval of the recommendations of the Cabinet Report, the Council intends to re-open SMLC at the earliest possible opportunity and to recommence leisure services from the facility. These leisure services and the associated opening times are anticipated to be in line with those previously offered by SU before the closure of SMLC in December 2021. It is anticipated that the re-opening of SMLC will take place as soon as possible and no later than 31 August 2022. This is referred to in the remainder of this report as the 'Interim Arrangement'.
12. The leisure services offered under the Interim Arrangement at SMLC will be complemented by other community-based services and other services to support people in healthier lifestyle choices such as smoking cessation support. It is intended that the Interim Arrangement will be further developed during its course to offer additional complementary services, community access, community-based activities and to consider changes to opening times. This range of services will be developed by working closely with the local community, other providers of services in the area and other users, and potential users, of SMLC.
13. Subject to the approval of the recommendations of this report and the exercise of the associated delegations, the Council would enter into a service contract with AN and would grant an associated licence to AN in respect of SMLC for a period of up to eighteen months, but with arrangements for either party to terminate the agreements subject to a notice period. Recommendation (i) of the Cabinet Report would delegate authority to the Head of Supplier Management to finalise this arrangement and its terms, following the consultation described in the recommendation (i).

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14. The principles of the Interim Arrangement are that the Council would retain most of the repairs and maintenance responsibilities associated with SMLC, insure the building and be responsible for utility and most statutory compliance costs. AN would deliver the leisure services and would manage the day-to-day operation of SMLC. The income received from the use of SMLC as a leisure facility would be retained by the Council to offset the costs of operating.
15. The agreement with AN would require the consideration and approval of an exemption to the Council's Contract Procedure Rules by the Head of Supplier Management.
16. The Interim Arrangements will be closely aligned to the "We Can Be Active" strategy and would particularly help to deliver the themes of providing "opportunities that meet our needs and interests, and are accessible and easy to find". The offer would be developed around the responses to the Consultation in order to deliver the most attractive offer to the community and other users. Services would be further developed over the term of the Interim Arrangements in order to adapt to community and user needs and requirements.
17. Immediately following the commencement of the Interim Arrangement, the Council would commence the design of the long-term proposals for the future of SMLC.
18. These long-term proposals will be developed through close working and detailed conversations with the local community in order that the facility and services delivered from it meet the community's needs and aspirations. The Council anticipates the development of a model which will deliver a range of services which will benefit the community and provide a sustainable and well-supported solution in order to secure a long-term and viable future for SMLC. The approach will continue to align with the "We Can Be Active" strategy and the Council's emerging vision for leisure services.
19. This engagement will be followed by a twelve-week formal consultation period after which the results will be assessed and considered in order to confirm that the proposed approach provides the optimum community benefit and to confirm that the views expressed in the pre-formal-consultation period have been properly considered and reflected in the proposals.
20. A further Cabinet or Council report to consider the recommendations associated with this process will be brought forward in due course. It is anticipated that the entire process will take no longer than eighteen months.
21. The recommendations of this report are consistent with and not contrary to the Council's policy framework.

RESOURCE/POLICY/FINANCIAL/LEGAL IMPLICATIONS:

Financial

22. The Council budget for financial year 2022/23 included a £148,000 General Fund revenue saving associated with the cessation of leisure services from SMLC. The recommendations of the Cabinet Report – if approved - will result in this saving being unachievable and will

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therefore create a general fund revenue pressure of £148,000 in financial year 2022/23 and £100,000 in 2023/24. This will be funded from existing resources.

23. Repairs and maintenance costs associated with the building will be funded through the existing repairs and maintenance budgets. The approach to the future management of the fabric, structure and interior of the building and any investment programme will be considered and developed as part of the long-term solution.
24. An annual cost of £3,400 will be incurred for the insurance of the building. It is anticipated that this can be met from the budget referenced in paragraph 22 of this report.
25. A further revenue cost of £30,000 General Fund revenue will be allocated in financial year 2022/23 and £20,000 2023/24 to fund publicity and marketing, security, cleaning and other incidentals. This will be funded from existing resources.

Property

26. SMLC was built in 1889, is an ex-drill hall and is Grade II listed. It is captured by Class E and F of Schedule 2, Part A of the Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020 which restricts its usage without further planning permissions
27. A building condition survey dated 27 September 2021 identified a 'pre-tender' cost of £382,309 to undertake repairs to maintain the building; this includes £232,172 relating to partial replacement and repair of the roofing. These amounts represent the sum of repairs to maintain the building and do not take into account any statutory building compliance-related maintenance and/or improvements to the building. Furthermore, they do not contain any costs for any upgrade or improvement of the interior of the building and its services. The Cabinet Report also asks Cabinet to note that the actual costs of the repairs are likely to significantly exceed the pre-tender estimate as a result of current market conditions.
28. All statutory compliance requirements have been maintained since the closure of the building. A new Energy Performance Certificate is required and has been commissioned.
29. Under the Interim Arrangement, the Council would retain responsibility for the repair and maintenance of SMLC along with the maintenance and payment of utility costs. These costs would be met from existing repairs and maintenance budgets; it should, however, be noted that this may impact negatively on other repairs and maintenance works in the rest of the Council's asset portfolio.

Legal

30. The Council has the necessary statutory powers in the Local Government Act 1972 to proceed with the recommendations of this report.
31. The Council must act in accordance with the Public Contracts Regulations 2015 ("PCRs").

OPTIONS and TIMESCALES:

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32. The timescales are those set out in this report.

33. The following alternative options were considered and rejected:

- To proceed with the Cabinet decisions of 21 February 2022, which included a decision to “permanently cease leisure services at SMLC and approve in principle the disposal of the site”. This option was rejected as it does not meet the Council’s objective of re-opening SMLC in order to provide a facility which offers leisure and other community services.
- Undertake a competitive process to select an alternative operator or partner on a long-term basis and delay the commencement of services from SMLC until this operator or partner was appointed and could commence services. This option was rejected as the Council intends to work closely with the local community and other users and potential users of the facility before designing a proposed approach to the long-term future of the facility. The Council would, following the completion of this engagement, then undertake a formal twelve-week consultation process regarding the plans developed; this option would therefore not meet the objective of recommencing services from SMLC at the earliest possible opportunity.

RISK MANAGEMENT IMPLICATIONS

34. The practical challenges of mobilising the Interim Arrangement may lead to delays in the re-opening. This risk is being mitigated by working closely with AN.

35. The Council may be unable to agree acceptable commercial terms and form a contract with AN. Work is well advanced on this matter, but if this risk were to occur, the Council would seek to make arrangements with an alternative operator in order to deliver the Interim Arrangement.

36. Risks associated with entering into a contract as the result of granting an exemption to the Council’s Contract Procedure Rules would be reviewed before such an exemption is approved and would consider the PCRs.

Appendices/Supporting Information:

N/A

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