

Cabinet

17 March 2021



**Leisure Transformation & New Build
Site Selection Update**

Key Decision REG/02/21

Report of Corporate Management Team

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Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 This report provides an update on the leisure transformation programme approved by Cabinet in January 2020. The report sets out a high-level update on the progress to date on all aspects of the programme and next steps and timescales for the full development of the programme.
- 2 The report seeks approval of the three preferred sites for the new build leisure centres for; Seaham, Chester-le-Street and Bishop Auckland, following which further detailed feasibility studies will be completed.

Executive Summary

- 3 Since the previous report was presented to Cabinet in January 2020, considerable progress with the leisure transformation programme has been made, despite the impact and implications of Covid 19.
- 4 The investment in these facilities will provide significant opportunities for wider place-based benefits.
- 5 The leisure transformation programme will support economic recovery from the Covid-19 pandemic, as well as providing a platform to develop health, social and community capital and a major opportunity to contribute to Council's commitment to environmental sustainability and a low carbon future.

- 6 The leisure transformation programme needs to be considered in the context of the Council's wider investment across the county. With an investment of this scale, it is important that there is alignment with the wider place based initiatives in place, including the principles of multi-agency service provision through the emerging County Durham Together plan, the Towns and Villages Strategy, the Transport Plan and the Climate Emergency Response Plan.
- 7 To achieve the maximum health and wellbeing benefits from the leisure transformation programme and the new build element of this programme, it is important that the Council:
 - (a) considers activity beyond the footprint of the buildings, taking into account outdoor facilities, active transport and community activity;
 - (b) acknowledge that the leisure centre transformation strategy is one component of a wider leisure strategy that will be developed during 2021 and delivered thereafter;
 - (c) considers innovation in content planning and delivery alongside infrastructure and facility mix; and
 - (d) takes account of the health impacts of Covid-19.
- 8 The options appraisal for the three new leisure centre builds have been assessed against this strategic context. The assessment process has involved five inter-related elements:
 - (a) a **technical assessment** to appraise the physical viability of the various sites. This was undertaken in partnership with specialist leisure consultants, Alliance Leisure;
 - (b) the views from the **public engagement** exercise – where a comprehensive consultation and engagement programme has been undertaken to seek views on site location and facility options for the new sites as well as seeking the early view on the wider facilities included in the broader programme. This included presentations to and engagement with all 14 Area Action Partnerships;
 - (c) a **health impact assessment**, led by a licensed public health practitioner within the Council in order to robustly assess the health and well-being attributes of the various options;
 - (d) an **equality impact assessment**, to identify and assess any potential impacts on any of the protected characteristics; and

- (e) a **strategic place-based review** by officers across the Council, enabling additional outcomes and benefits to be identified and fully taken into account.
- 9 Given the significance of wider regeneration opportunities and role that investment will play in our economic recovery from the Covid-19 pandemic, the strategic place-based review has influenced the Council's willingness to consider innovative or bespoke approaches in each location. As a result, the proposals in each location build on the local context of the place and will achieve greater impact than a new leisure centre alone would be expected to deliver.
- 10 The assessments have been completed across a shortlist of nine potential sites for the proposed three new build leisure centres.
- 11 The following preferred options are proposed for each of the three new locations, with further detailed analysis set out in the report:
- (a) **New Build Site for Seaham** - the analysis carried out illustrates that a hybrid approach in Seaham at the St John's Square and existing site will produce significant regeneration benefits, as well as additional health outcomes from the proximity of aligned services and improved outdoor spaces;
 - (b) **New Build for Chester Le Street** – the selection of the former Civic Centre site ensures that there will be ample space for the development and associated parking, while further sport and leisure opportunities are developed at the Riverside;
 - (c) **New Build Site for Bishop Auckland** - the recommendation for Tindale Crescent will support regeneration in that locality while the proposed Woodhouse Close community hub plan will develop new facilities co-designed with local people on the existing site.
- 12 All three preferred sites allow the current sites to continue to operate during the new build construction period ensuring no disruption for leisure users during the construction phase.
- 13 Robust financial appraisal is an important aspect of this programme. The original budget estimates were developed in 2018/19, in advance of detailed site surveys and design work that enables an updated forecast of construction cost to be provided. The updated capital estimates have been impacted by the following factors:
- (a) **Widened scope and offer** - widening the scope of the investment to respond to the aspirations of the programme and building in additional facilities to drive enhanced regeneration outcomes;

- (b) **Meeting environmental objectives** - The increased scope ensures the project can meet the highest standards to deliver low emission buildings and other low carbon measures, to meet the best environmental outcomes.
- 14 In addition, some costs have risen as a result of the outcome of site surveys, initial design work and the impact of inflation over the relevant period. The capital forecast identified in the January 2020 Cabinet report indicated an investment requirement of £62.8 million, with £38 million being funded on a self-financing basis from the forecast additional net income generated from the improved facilities with the remainder being funded from prudential borrowing. The current capital forecast for the programme has risen to £77 million and will require an additional £14.2 million of prudential borrowing to fund the programme.
- 15 Although Covid-19 has impacted leisure centre income in the short term, analysis by sector bodies such as UK Active for the longer term future of leisure provision provides confidence that the additional net income forecast from the improved facilities in the January 2020 Cabinet report will still be achieved.
- 16 Capital and revenue forecasts will continue to be updated with a final budget position to be reported to Cabinet in Autumn 2021. The capital forecasts at that point will be influenced by detailed design work and will be subject to a final review of physical and financial viability.
- 17 Taken collectively the proposed site options, wider programme progress, economic recovery, regeneration benefits and affordability assessments set out a strong programme that will realise significantly improved outcomes across the county.

Recommendations

- 18 Cabinet is recommended to:
 - (a) note the updates on the programme and indicative financial position, with a further report to be presented to Cabinet in Autumn 2021, to finalise the revenue and capital forecasts;
 - (b) agree to support the three preferred sites for the new build leisure centres, subject to further due diligence and feasibility work as follows:
 - (i) Seaham: St Johns Square with community and outdoor facilities on the existing site;
 - (ii) Chester-le-Street: Former Civic Centre Site;

- (iii) Bishop Auckland: Land adjacent to Bishop Auckland Football Club (Tindale Crescent);
- (c) approve the production of a feasibility study for the redevelopment of the Woodhouse Close site as a community hub scheme, to include potential for new or relocated facilities for the area and a targeted programme for skills and education. Any revenue or capital costs arising from this feasibility study to be considered as part of the development of MTFP(12) and subject to a separate report;
- (d) note the need to review the impact of the revised programme upon the Council's VAT partial exemption position with this being considered fully in the autumn 2021 report to Cabinet;
- (e) note the wider programme updates in the report and the commitment to producing a broader leisure strategy in 2021 that delivers an integrated approach to the range of programmes facilities, assets and amenities that provide a leisure offer.

Background

Context

- 19 In January 2020, Cabinet agreed to a set of recommendations for an ambitious Leisure Transformation Programme.
- 20 It was recommended that a further report on new build options be presented to Cabinet once the advanced feasibility work was completed, to include a health impact assessment and details of consultation.
- 21 The January 2020 report set out a scope, which focussed on transforming leisure centre venues in order to support health outcomes in the wider population while improving the financial resilience of Council leisure centres. The programme would be part funded via additional net income generated from the improved facilities and part funded by prudential borrowing.
- 22 The current leisure stock varies in age and quality. Facilities like Freemans Quay in Durham City are relatively new, having been built in 2008. However, the majority are much older and in generally poor condition, with Woodhouse Close Leisure Centre in Bishop Auckland being more than 50 years old.
- 23 Some of the facilities have benefitted from significant investment over the course of the last few years, however, the current estimated maintenance backlog across the estate is in excess of £7 million. Uplift of specification for modern build regulations, carbon reduction or for branding and any re-purposing of facilities to meet current demand is not included in these figures. Therefore, the true investment need is considerably higher.
- 24 Environmental sustainability and low carbon opportunities have been considered as part of the technical assessments for site selection for the three new builds included in this report. They are costed as a percentage of the overall capital cost at this stage. These opportunities will be further developed at the design stage, ensuring our commitments to carbon reduction are intrinsic to the new builds and to any redevelopment of the other sites.
- 25 The Council's investment in leisure facilities is a vital part of the health and wellbeing offer across the county, it is important however to note that the Council's leisure facilities are a component of a wider infrastructure that includes cycling, walking, playing pitches and wider sports and community facilities. It is also important to note that not all of the leisure offer comes from the Council. For example in Crook; Crook Community Leisure Centre has successfully provided a high standard of

community facility, comprising a fitness and outdoor sporting offer. The Council continues to work to enable communities like Crook to develop leisure, sport and wellbeing activities and facilities to meet local aspirations.

- 26 The Council will develop an integrated leisure strategy in 2021 to be delivered thereafter. The approach will draw together the varied offer for leisure, including active travel cycling and walking, parks and playing pitches.

Impact of Covid

- 27 The coronavirus pandemic has affected the progress of the programme since March 2020, both on the Council's capacity and others working on the project. The lockdowns and restrictions have also made it more difficult to perform essential surveys and site visits to progress site feasibilities.
- 28 The restrictions which have been in force since March 2020 have had a significant impact on the leisure sector as a whole, the first and second lockdowns resulted in the closure of venues and the full loss of business for a period of over six months during the current financial year. The estimated loss of leisure centre income this year is £8.3 million, though this loss of revenue has been offset by savings on premises costs and from recovering staff costs through the furlough scheme, with net costs being covered by Covid-19 funding provided by Government, including the Sales, Fees and Charges Income Guarantee Scheme.
- 29 Usage of the centres is expected to rapidly recover once leisure centres reopen and social distancing measures are relaxed or removed as the vaccination programme is fully rolled out.
- 30 Work is ongoing to review and update business assumptions across all aspects of the programme. Assumptions for the new sites cannot be completed until site selections and facility mix are confirmed. Early indications are that the latent customer demand, competitor position and likely state of market resumption have remained in line with the assumptions which were previously made.
- 31 Modelling by UK Active shows that nationally levels of recovery to pre-Covid levels of business are estimated between 83%-85% within 6 - 8 months of restrictions being lifted. The recovery position in County Durham appeared to mirror the national picture, with approximately 80%-87% of customers returning after the first lockdown ended.
- 32 Given the projections on business recovery, the associated timeline and the fact that the transformation schemes will fall outside of the initial recovery period, there is reasonable confidence that the programme

should continue in line with the original assumptions. Analysis by sector bodies such as UK Active for the longer-term future of leisure provision provides confidence that the additional net income forecast from the improved facilities in the January 2020 Cabinet report will be achieved.

New builds and site location options appraisal

- 33 The initial phase identified 23 sites for consideration; 14 were shortlisted and 9 progressed onto the advanced feasibility stage:
- (a) **Seaham**; the existing site, the Dock top site and the St John's Square site;
 - (b) **Chester-le-Street**; the existing site, the former Civic Centre site and the Riverside site;
 - (c) **Bishop Auckland**; the existing site, land adjacent to Bishop Auckland football club (Tindale Crescent site) and the Bishop Auckland College site.
- 34 Following the initial long list of proposals, the assessment process has involved five inter-related elements, explained below:
- A. Selection process: Technical Appraisal**
- 35 At this stage in the development of the sites, high level site analysis is undertaken and considers factors such as existing access, site conditions, and space. This is not a detailed survey of all conditions as this is for the next stage once a preferred option is agreed.
- 36 The assessment process has utilised professional advice from within the Council alongside the advice of Alliance Leisure, specialist leisure consultants which the Council has engaged for its leisure expertise and in particular its experience with other leisure transformation programmes.
- 37 As identified in Government guidance for better business cases, a rating system has been employed using a weighted Red, Amber and Green (RAG) ratings to differentiate and score various critical factors; the full details of which can be seen in Appendix 5.
- 38 The technical assessment helps to identify issues that influence the preferred location and also identify issues that would need to be addressed as part of more detailed appraisals for a preferred option.
- B. Selection process: Public Engagement**
- 39 The public consultation and engagement is divided into two phases. In the first phase the focus was primarily related to site locations, though

there was an opportunity for respondents to comment on initial proposals for facility mix across all sites, as well as respond to health and physical activity questions. The full consultation report is available at Appendix 6. The second phase will be engagement around the findings of the equality impact assessment and the health impact assessment, along with details of the facility mix.

- 40 The site consultation was delivered internally via the Council consultation website and wider engagement was delivered through an external website. Both web-based consultation and engagements were complemented by a whole range of other feedback opportunities and forums. This included presentations to elected members, presentation to all the 14 area action partnership boards, contact with town and parish councils for Seaham, Bishop Auckland and Chester-le-Street, and a range of special interest groups across the county.
- 41 As part of the phase one consultation all existing leisure centre users were also contacted and encouraged to provide their feedback. This was complemented by several social media feeds which attracted lively commentary.
- 42 A total of 2,632 responses were received on both websites used to gather comments. Of the total responses, 58.9% were from current leisure or 1life members. However, the 1,549 member responses equate to approximately 5% of 30,000 pre-Covid leisure memberships, therefore a significant number of members did not offer a view at this time.
- 43 Feedback has been captured and can be viewed in full at Appendix 6.
- 44 Respondents were asked to consider the site proposals individually, and for each location indicate the likely impact on their attendance.
- 45 In addition, the wider consultation on health and physical activity and the facility mix preferences has provided key information to inform the next stages of design which will form the basis of the next phase of engagement.

C. *Selection Process: Health Impact Assessment*

- 46 A Health Impact Assessment (HIA) has been completed and is included in Appendix 4. The assessment has been conducted on the current stage of the project, focussing on site selection and was led by a licensed public health practitioner within the Council in order to robustly assess the health and well-being attributes of the options.
- 47 The common themes identified from the HIA includes: ensuring that health benefits are maximised, increasing use of active travel and

reducing road congestion, ensuring positive change of appearance of an area as a result of new development; an increase in physical activity and mental wellbeing, ensuring the disruption to service users is minimised during the construction phase; and minimising the impact of noise and air pollution due to construction work.

- 48 A range of recommendations for each site based on the health impacts identified to help mitigate any negative risks and enhance any positive opportunities are identified within Appendix 4.
- 49 Once site selection is confirmed the Equalities Impact Assessment and HIA will be further developed to maximise positive impact across the whole programme.

D. The Equalities Impact Assessment

- 50 An Equalities Impact Assessment (EIA) has been conducted and is attached at Appendix 3. The assessment has been conducted on the current stage of the project, focussing on site selection.
- 51 The EIA identifies three key characteristics which are likely to be impacted most by the current decision on site selection; age, specifically those young people who are old enough to access services themselves, but who are not yet able to drive, those who are older and who may no longer drive or who rely on public transport, similarly disabled customers who again may rely on public transport to access facilities and services.
- 52 The EIA outlined that new facilities could particularly impact on disabled people. As a result, it is recommended that once sites are confirmed, the Council should work with relevant groups and stakeholders to ensure that disabled persons' needs are built into the designs.

E. Selection Process: Strategic Place Review

- 53 A key consideration underpinning the Leisure Transformation Programme is that the Council maximises its investment in order to support place-based economic and community growth. On that basis, a strategic place-based review has been applied to site selection, alongside the technical assessment data, health and equalities impact assessments and outcomes from the public consultation.
- 54 The strategic place review ensures that the selection processes are applied to and take account of the unique and specific circumstances in each place and its community.

- 55 Relevant documents were reviewed including Towns and Villages Strategy, County Durham Plan, and appropriate regeneration masterplans, alongside appropriate expertise from across the Council.
- 56 Consideration of document review and officer expertise outlined above formed the Strategic Place-Based Review. It is important to highlight that this review has considered the interaction of decisions by taking into account the possibility for re-use of sites vacated and the wider investment master plans for the locations selected.

Site selections

Seaham

- 57 The substantial place-based wider regeneration factors relevant to Seaham were key to the proposed recommendation, alongside the outcome of the technical appraisal, HIA, equality impact assessment and consultation feedback.
- 58 The weighted scores in the technical appraisal (Appendix 5) identified key benefits in the existing site including good transport links, car parking and proximity to residential areas, alongside potential tourism benefits at Dock Top and regeneration benefits at St Johns Square.
- 59 The public consultation illustrated a leaning towards the existing site in terms of the impact of site location, though it should be borne in mind that most respondents are current members or casual users of the existing facilities.
- 60 Respondents to the consultation were also given the opportunity to provide any other comments on the site location proposals, the following are the key themes of that qualitative feedback:
- (a) the desire for a pool was key mentioned in 40% of responses;
 - (b) parking across the town expressed as a concern;
 - (c) the limited space available at the existing site to accommodate a leisure centre, pool and outdoor facilities;
 - (d) concerns over what happens to the existing site if an alternate site is chosen, with a desire clearly expressed to retain outdoor green space and an objection to housing development;
 - (e) outdated and poor facilities currently;
 - (f) a town centre location considered to be good as a community hub and to help tourism; and the ability to combine visits to a leisure centre with trips to the high street was welcomed; and

(g) it was recognised that a town centre location would support local business.

61 The Strategic Place Based Review identified a strong consideration for the St John's Square site as a key central location and that improving its amenity and animation with a new leisure facility would significantly contribute to the vibrancy of the town.

62 Considerable social and physical regeneration benefits could be realised through a leisure development, the proximity to the library, primary care centre and other Council facilities provides a strong platform for community and social regeneration.

63 The health impact assessment identified the importance of maintaining outdoor and green space in Seaham, ensuring that public transport use supports the reduction of traffic congestion on our roads and that walking and cycling are supported and promoted through an active transport plan. This is particularly relevant to the existing site with outdoor pitches and facilities.

64 The HIA also identified the risk to access to physical activity during the construction period if the existing site were selected. This was noted as a risk in each location in relation to existing sites.

65 When the site options appraisal was originally undertaken each site was considered on its own merits based on how it would deliver a standalone facility. However, it became apparent through the strategic place review that there was a unique opportunity in Seaham to develop a dual site at the existing site and at St Johns Square. The development of a dual site facility affords an opportunity to maximise broader regeneration opportunities and collectively creates a whole that is significantly greater than the sum of its parts.

66 A hybrid option with a dual site allows for development of an outdoor-focussed centre with changing facilities primarily for club and community use on the existing site, with a new centre at St John's Square. This option maximises the considerable regeneration benefits outlined above while optimising the outdoor, active transport and health benefits identified in the Health Impact Assessment.

67 It is recognised that this option does not appear directly aligned with the outcomes of the consultation that expressed a preference for the existing site. A dual option became apparent as a result of the strategic review, therefore specific views on this weren't sought. However, there are four factors that provide confidence to support the conclusion set out in paragraph 73:

- (a) the existing site footprint will be maintained for community use and potentially can offer an even greater range of outdoor sport and activity, along with some indoor facilities;
- (b) it is anticipated that the regeneration of Seaham town centre will benefit significantly from the redevelopment of St Johns Square as a leisure site. The wider health and social benefits that would ensue are entirely congruent with the aims of the programme;
- (c) while there was a strong response to the consultation, 95% of the Council's leisure centre members didn't give their views. It is anticipated that in the next stage the engagement will involve a higher number of members as the facility mix and design is developed;
- (d) many of the negative consultation comments for the St John's Square site related to car parking which would be addressed if the site were developed for this use.

- 68 Car parking displacement would be a key issue with both the development of St Johns Square site as a standalone facility or as part of the development of a dual site. This was a key issue identified in both the technical assessment and the public consultation as car parking is an ongoing challenge in the town centre due to a lack of a central main car park.
- 69 Seaham Town Centre has been the focus, along with many high streets, for regeneration over the previous 10 years. The town centre is not alone in regard to the need to consolidate floor space, provide alternative uses and make the centre more attractive to the residents and visitors to the area. The leisure transformation provides an opportunity to assist in providing alternative uses, however it also provides the catalyst for a much wider opportunity.
- 70 In looking at the current car parking provision, the land at St Johns Square provides limited appeal for users of the centre, whilst underused and derelict land at Green Street provides the prospect of a much improved gateway and enhanced aesthetic for the centre as well as consolidating a more accessible parking provision for the town.
- 71 An appropriate car parking solution is critical to the success of the scheme and without it alternative options may have to be considered.
- 72 The Council is committed to delivering suitable car parking as part of a comprehensive plan for the town centre and will explore all options as part of its acquisitions strategy in assembling the necessary land required.

- 73 **Recommendation conclusion: preferred option is St Johns Square with enhanced community, club and outdoor facilities at the existing site subject to resolution of car parking facilities at St Johns Square.**

Chester-le-Street

- 74 The technical assessment, public engagement and consultation, health impact assessment, equality impact assessment and strategic place review had congruent results which all favoured the former Civic Centre Site as the preferred option, with some redevelopment of the existing site alongside this.
- 75 The weighted scores in the technical assessment at Appendix 5 identified support for the former Civic Centre site.
- 76 The public consultation equally illustrated a leaning towards the former Civic Centre site in terms of the impact of site location, with a marked disinclination to attend the Riverside site.
- 77 Respondents were also given the opportunity to provide any other feedback they would like to on the site location proposals, the following are the key themes of that qualitative feedback:
- (a) the existing site is too small already and not easily accessible;
 - (b) parking concerns for the existing site;
 - (c) parking concerns across the whole town;
 - (d) not closing facilities when the works take place;
 - (e) public transport is a concern for the Riverside locations;
 - (f) traffic and congestion concerns around the Civic Centre site; and
 - (g) effect on surrounding residential properties when construction takes place, particularly the Civic Centre site.
- 78 The Health Impact Assessment identified primarily positive impacts in utilising the former Civic Centre site, related to good accessibility and the continuation of service at the existing site during the construction phase.
- 79 Conversely, the HIA process identified primarily negative impacts for existing site and Riverside Park. These included the loss of facilities during the construction period at the existing site and the loss of green space if the Riverside site were selected.

- 80 This site selection process was notable for analogous issues identified across technical, consultation and health assessments, drawing out a clear preference for the former Civic Centre site because of accessibility, continued service at the existing site during construction and both parking and co-location benefits due to the size of the site.
- 81 While further work is required, there are initial plans to develop a sports hub model at the Riverside site as outlined in para 101. This model would retain green/outdoor space at the Riverside site and active travel options.
- 82 Although there will be a loss of a potential capital receipt from the sale of the former Civic Centre site, this could be partially offset by the generation of a capital receipt from the release of the current site.
- 83 **Recommendation conclusion: Preferred option the former Civic Centre site, with associated proposals to come forward for the Riverside site in Autumn 2021.**

Bishop Auckland

- 84 The consideration regarding Bishop Auckland took into account technical, public engagement and consultation, equalities impact assessment, health impact assessment and Strategic Place Based Review factors. Similar to Seaham, the substantial place-based wider regeneration factors relevant to Bishop Auckland were key to the proposed recommendation.
- 85 Public consultation for Bishop Auckland identified perhaps the greatest range of responses. Whilst the survey was not designed to understand the responses in detail, it is plausible to conclude that this is due to each site offering distinctly different opportunities. Similar to the consultation outcomes in relation to Seaham and Chester-le-Street, most respondents were existing members or casual users of the current Woodhouse Close site.
- 86 Respondents were also given the opportunity to provide open comments on the site location proposals, the following are the key themes of that qualitative feedback:
- (a) concerns over parking provision generally;
 - (b) traffic congestion concerns at the Tindale Crescent and College sites;
 - (c) access to Tindale Crescent site for public transport or pedestrians;
 - (d) proximity of the existing site to local users and housing areas;

- (e) concerns of loss of green spaces if the college fields are lost to accommodate a new build;
- (f) opportunity for a larger and more contemporary leisure centre at Tindale Crescent and the ability to combine leisure and retail visits.

- 87 The Health Impact Assessment for this location reflects two key issues evident in both the technical assessment and public consultation: accessibility by public transport or active transport if Tindale Crescent was selected and the impact on one of the most challenged neighbourhoods if the leisure centre moves from Woodhouse Close.
- 88 The strategic place review identified regeneration benefits of siting the new leisure centre at Tindale Crescent, releasing the Woodhouse Close site for development that specifically addresses the community needs and structural challenges of the Woodhouse Close estate area.
- 89 Like most of our larger leisure centres, Bishop Auckland has a reach beyond its immediate vicinity. The membership base for the current facility in Bishop Auckland attracts 51% of its customers from the immediate Bishop Auckland area, but 49% come from outside that boundary including Shildon, the wider dales and further afield.
- 90 While a dual leisure centre site was briefly considered, the regeneration opportunities and broader context including outdoor facilities are different to Seaham where the dual site proposal seeks to maximise town centre regeneration, rather than the community infrastructure regeneration of the Woodhouse Close estate area.
- 91 Sitting to the South West of the Town Centre and Woodhouse Close, the Tindale Crescent site is adjacent to the Bishop Auckland football club ground and abuts the out of town retail area. While outside the Future High Street Fund area, Tindale Crescent also sits within the Stronger Towns programme.
- 92 Proposals exist to improve junction capacity to three key points around Tindale Crescent through the Stronger Town Fund improving traffic flow and accessibility, while a further proposal seeks to improve walking and cycling links across and into the town including from nearby St Helens and West Auckland settlements.
- 93 Should the Stronger Town Fund bid not be approved or there is insufficient resources provided through the Fund, consideration will need to be given to addressing active travel infrastructure as identified in the HIA and this would need to be built into the proposals.

- 94 While the junction proposals would have a beneficial impact on traffic flow, they are not essential due to the location of the leisure centre. Therefore, there is no mitigation required if the junction schemes don't go ahead.
- 95 There are considerable benefits to the proximity and potential partnership with Bishop Auckland Football Club. This aligns with football foundation strategy as well as ensuring outdoor facilities that contribute to providing a comprehensive offer suited to a post-Covid environment. This is also highlighted in the HIA.
- 96 Sitting alongside a cluster of public and community uses, the leisure centre and library are located in an area which has been identified as a potential investment area by Believe, a local housing registered provider, which has aspirations for development of new dwellings of mixed type and tenure across the wider Woodhouse Close area.
- 97 The cluster of public uses at Woodhouse Close (which also includes NE Ambulance Service, core NHS facility, and the Police) has also led to considerations of opportunities for colocations through the One Public Estates Programme. Support for feasibility for colocation and property rationalisation exists in this area and the public services located at Woodhouse Close meet regularly to review property and operational requirements.
- 98 Land released through colocations would typically contribute to new housing numbers although the prominence of the site and relative proximity to the town centre may encourage specialist (older persons) residential use alongside reconfigured public / community service delivery.
- 99 Current programme investment options include a demand for a youth employment hub in conjunction with Job Centre Plus and aspirations for a community arts facility to support the local creative sector. Co-locating the library within any proposed developments of this nature would further support the regeneration of the area.
- 100 A community hub model based on the collective investment and colocations set out above could realise significant impact if co-designed and developed in full partnership with the community.
- 101 This approach aligns with best practice in community development and with the emerging ambitions of the County Durham Together approach. A feasibility for the development of a community hub proposition, co-produced with the community of Woodhouse Close will act as a pathfinder project for place-based community centred regeneration and will be subject to a further report.

- 102 The health impact assessment sets out a number of recommendations if Tindale is selected including working closely with the Council's anti-poverty strategy and maximising access for communities to the west, such as Shildon, through a range of programmes such as Borrow a Bike scheme. These recommendations will be taken forward if this site is selected.
- 103 This community-centred approach to regeneration utilising community development best practice on Woodhouse Close site is likely to have a beneficial impact beyond that which a new leisure centre could provide, while anti-poverty and active transport plans will ensure that the relocated leisure is as accessible as possible.
- 104 **Recommendation conclusion: The preferred site location is Tindale Crescent, with the feasibility of a development of a Woodhouse Close Community Hub, giving clear priority to the redevelopment of this site to meet the future needs of the local community.**

Wider Programme Updates

- 105 The report to Cabinet in January 2020 included proposals to invest in the facilities that would not be subject to a new build, addressing both the underlying maintenance and condition backlogs, whilst taking the opportunity to re-purpose and improve the service offer. Work is ongoing in this regard, however, an update on that work completed to date is set out below:
- (a) a feasibility report has been concluded for Teesdale Leisure Centre on a range of aspects to improve the customer environment and address several maintenance concerns;
 - (b) for Consett Leisure Centre, the focus has been on addressing the latent defect issues with the pool and technical assessments have been carried out by specialist contractors;
 - (c) Wolsingham Leisure Centre has had some works completed since its return as a directly managed Council leisure venue on 1 September 2020;
 - (d) Newton Aycliffe Leisure Centre has a range of maintenance and customer environment improvements planned;
 - (e) the in-house teams have progressed the initial design proposals for Spennymoor Leisure Centre. Alliance Leisure and its team of external contractors have also progressed initial designs for the Peterlee, Abbey and Louisa Leisure Centres. Designs at

Freemans Quay will be progressed once future partnership arrangements are confirmed;

- (f) some elements of work at Shildon Leisure Centre have already been completed, with improvements made to the athletics track and supporting facilities. This work progressed early in order to take advantage of external funding available. An options analysis is underway for the wider leisure site;
- (g) initial plans for Meadowfield Leisure Centre are still to be developed and will be further developed in the next stage of work. However, outline considerations suggest the improved use of the sports hall space and a need to refurbish outdoor changing facilities which are in a poor state of repair. Such investment will improve the offer and therefore bring about benefits for both the indoor and outdoor facilities.

- 106 As part of the consideration of the site for new build in Chester-le-Street, it is considered that there is a significant opportunity to develop the Riverside site as a sports hub that could provide community and commercial benefit, alongside appropriate partners. This approach will be further explored and presented in the next programme update in Autumn 2021.
- 107 As the Riverside site was included in the options appraisal as the location for the new leisure centre in Chester-le-Street, it was deemed inappropriate to invest in design proposals until the site selection decision is made as part of this report.
- 108 In January 2020 the Corporate Director of Regeneration, Economy and Growth and the Corporate Director of Resources were given delegated authority to negotiate a contract buy out with CLUK in order to achieve a wholly Council-operated management arrangements. Initial negotiations took place in the first months of the pandemic and a settlement couldn't be reached. Negotiations will resume as the sector stabilises and appropriate financial assumptions can be made.
- 109 As part of the consultation, a range of additional feedback was provided which does not directly relate to the current programme but was nonetheless captured and officers will give due consideration to these points as the programme develops, the key points noted being:
- (a) some support for an ice rink to be reintroduced in Durham city;
 - (b) support for ten-pin bowling facilities to be developed;
 - (c) a request for swimming facilities to be provided in Crook;

- (d) a request for the Consett Swimming pool to re-open;
- (e) support for and working with local communities and other leisure providers to ensure the leisure transformation work impacts on the widest possible audience.

Financial Update

- 110 The January 2020 Cabinet report identified a forecast capital investment requirement of £62.8 million to transform leisure centre provision and build three new centres.
- 111 The original Leisure Centre capital forecasts were based upon GIFA (Gross Internal Floor Area) calculations presented in 2018 as part of initial feasibility work. It is appropriate to update these figures to reflect the latest feasibility work that has been completed and to update estimates to reflect the latest estimates of build costs as well as co-location costs.

With the support of Alliance Leisure, the design proposals have been developed further, taking into account the construction of three Core+2 leisure centres and the co-location opportunities that have been identified. The revised forecast for the capital cost of the programme is now £78.2 million. The table below illustrates the revised costs compared to the position presented in January 2020

Scheme	January 2020 £m	Current (Feb 2021) £m	Difference £m
New Builds	48.0	58.9	+10.9
Refurbishments	9.5	12.2	2.7
Refreshes	0.5	1.1	+0.6
Developments / Riverside	4.8	4.8	0
TOTAL	62.8	77	+14.2

- 112 Inflation is factored using the BCIS % per quarter standard rate
- 113 As designs and feasibility studies have progressed and site surveys undertaken, specifics which would not have been apparent in the original desk top based assessment have come to light.

- 114 For the new builds, the original cost assumptions were based on the basic Sport England Core+2 model at two locations with the third being a more basic pool and health club model. The core+2 model is a benchmarked standard for swimming pool-based leisure centres.
- 115 A major element of the increase in cost is due to the parity of the facilities for each potential new build, with all three now working to the Sport England Core+2 model.
- 116 The new build leisure centre brief now includes proposals to meet BREEAM Excellent as a core consideration in order to support the Council's wider aspirations for carbon reduction. This was not specifically factored into the original capital estimates and has added £1.973 million to the capital estimates previously reported.
- 117 Once the sites have been selected, there are opportunities to develop further carbon reduction schemes that will contribute to our climate response plan and highlight our commitment to a low carbon future. While these are likely to be on an invest to save basis, a number of external funding streams are available to support environmental and sustainable design.
- 118 The increase in cost is also in part due to the inclusion of certain building condition / capitalised maintenance issues, which for the refurbishment sites has added £0.350 million to the previous estimates. It should also be noted that the new build facilities will address circa £4.5 million of backlog capitalised maintenance issues which the Council would otherwise need to fund.
- 119 The original proposals identified that an overall net revenue saving of £1.63 million was achievable from the initial investment and that this could be used to finance £38 million of prudential borrowing.
- 120 As identified earlier, although the impact of Covid-19 has had a dramatic effect on the leisure sector, the outlook for business recovery and the fundamental propensity for exercise, sport and physical activity remain positive. The initial business plan has been reviewed and this has identified that the level of income growth in the original plans has remained in line with the initial assumptions and may in some cases have even increased.
- 121 It is therefore still anticipated that £38 million of the forecast capital cost will still be self-financed from the net £1.6 million of annual revenue savings. This will leave a forecast £40.2 million capital budget to be financed from prudential borrowing. A capital budget of £39.2 million has been approved in MTFP(10) and MTFP(11). The remaining forecast capital cost will be included in development of MTFP(12) and MTFP(13).

- 122 The prudential borrowing costs that are not financed on a self-funding basis through income generation are estimated at circa £4 million, an increase of circa £1.4 million from the position reported previously. These costs will need to be accommodated in future MTFP and budget planning rounds.
- 123 Until the sites for the new builds are confirmed and the brief for the new builds remodelling and refurbishments is finalised the capital costs cannot be fixed. Therefore, a range of fully costed proposals with enhanced options and sustainability with all the associated benefits will be presented to Cabinet in Autumn 2021.

VAT Partial Exemption

- 124 The January 2020 Cabinet report referenced the requirement for consideration to be given to the likely impact of the Leisure Programme upon the Council's VAT Partial Exemption (PE) position. Based upon the previous forecast of capital spend of £62.8 million, the Council had received agreement from HMRC to utilise a 7 year averaging methodology to ensure the council could stay below the 5% PE limit.
- 125 The increase in forecast costs will require a revision to the PE forecast which will also require detail on the likely phasing of expenditure. It is probable that even with the 7 year averaging flexibility that the 5% limit may be exceeded. This will need to be considered as part of the development of the autumn 2021 Cabinet report where alternate solutions may need to be considered.

Next Steps

- 126 Subject to Cabinet approval of the three preferred sites for the new builds, the next steps for the programme will be to:
- (a) progress with detailed new build designs;
 - (b) progress the designs for the refresh and refurbishment locations;
 - (c) consider options for next steps at Shildon and Meadowfield;
 - (d) develop a feasibility for the Riverside proposals (should the Riverside site not be chosen as the location for the new leisure centre);
 - (e) progress plans and undertake feasibility studies for a community hub at Woodhouse Close;
 - (f) undertake further public and stakeholder engagement;

- (g) develop and design the facilities mix for each site; and
- (h) consider the full costs and income generation potential of the scheme and present a fully costed proposal to cabinet in Autumn 2021.

Background papers

None.

Other useful documents

None.

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Appendix 1: Implications

Legal Implications

The Council has the power under s19 of the Local Government (Miscellaneous Provisions) Act 1976 to provide, and charge for, such recreational facilities as are outlined within the report.

Where relevant, the proposals in the report will require appropriate planning approval, which will include further consideration of transport and environmental considerations. The Council may also be required to purchase/acquire land to facilitate the proposed new developments. These will be considered further and addressed as appropriate in the report to be presented to Cabinet in Autumn 2021.

Finance

The report identifies a need for capital investment, with a proportion of that being funded on a self-financing basis through prudential borrowing. Due to increases in costs, to deliver the original scheme, funding of approximately £77 million would be required – a £14.2 million increase on the original estimates. Further enhancement options are available which would increase costs but would also likely achieve substantially greater benefits and further increases in income.

In order to progress the schemes from their current design stage and present Cabinet with greater cost certainty later this year, up to £1 million will need to be committed at risk from the existing project budgets.

Cabinet has already delegated responsibility for this element of the programme to the Corporate Director of Regeneration, Economy and Growth in consultation with the Corporate Director of Resources. The procurement and progress of the next stage of design will be managed through the leisure transformation executive programme board.

The increase in forecast costs will require a revision to the Partial Exemption forecast which will also require detail on the likely phasing of expenditure. It is probable that even with the 7-year averaging flexibility that the 5% limit may be exceeded. This will need to be considered as part of the development of the autumn 2021 Cabinet report where alternate solutions may need to be considered.

Consultation

This report, at Appendix 6 details the key feedback and information gathered during the consultation and engagement activities around site selection and proposed county wide activity/facility mix. The details in this report cover phase 1 of an identified two-phase consultation and engagement process, as well as a range of engagement activities which will last for the life of the programme.

Equality and Diversity / Public Sector Equality Duty

The programme identified in this report will have a positive impact on the Council's equality duty. This report covers the key implications of the current stage of the programme, which is focussed primarily on the location of new build leisure centres in Seaham, Bishop Auckland and Chester-le-Street.

An Equalities Impact Assessment (EIA) has been conducted and is attached at Appendix 3. This has been prepared alongside a Health Impact Assessment (HIA), specifically around the decision of site location. A broader EIA and HIA will be completed and remain under review Theon the overall programme as the project progresses.

The initial EIA identifies that three key characteristics which are likely to be impacted most by the current decision on site selection; age, specifically those young people who are old enough to access services themselves, but who are not yet able to drive. Those who are older and who may no longer drive or who rely on public transport, similarly disabled customers who again may rely on public transport to access facilities and services.

The EIA outlined that new facilities could particularly impact on Disabled people. As a result, its recommended that once sites are confirmed, the Council should work with relevant groups and stakeholders to ensure that disabled persons' needs are built into the designs.

Climate Change

This report focusses on site selection and although a sustainability assessment has been conducted to inform the technical site appraisal, further low carbon and other environmental sustainability measures can be considered at the design stage. However, the costs of attaining BREEAM and BREEAM Excellent has been included within the current cost proposals. Further enhancement options are possible across all the schemes and these are to be explored.

Human Rights

None.

Crime and Disorder

The programme will have a positive impact on crime and disorder. There is expected to be positive social value impacts across a number of dimensions. Including crime and disorder.

Staffing

Although not directly referenced in this report, the programme does have the potential to create an increase FTE in order to deliver the improvements identified across the leisure centre venues. This is all wrapped into financial considerations across the programme and subject to further detailed work.

Accommodation

The outcome of this report may lead to co-locations of other services in a number of locations depending on the site chosen. There will be no change to the number of leisure facilities but may lead to a reduction in other council buildings.

Risk

There are a number of programme level risks identified as there are with any significant programme of this nature. One of the key risks noted is the revenue risks associated with any invest to save initiative. The programme team has engaged the specialist services of a leisure transformation / leisure sector specialist to support the Council.

Other risks relate to the potential for capital costs to increase further as detailed design and feasibility work is progressed over the coming months. Environmental sustainability and low carbon opportunities are costed as a percentage of the overall capital cost at this stage. These opportunities will be further developed at the design stage, ensuring our commitments to carbon reduction are intrinsic to the new builds and to any redevelopment of the other sites. In addition, the increase in forecast costs will require a revision to the Partial Exemption forecast, where it is probable that even with the seven-year averaging flexibility that the 5% limit may be exceeded. This will need to be considered as part of the development of the autumn 2021 Cabinet report where alternate solutions may need to be considered.

There are challenges with car parking displacement with both the development of St Johns Square site as a standalone facility or as part of the development of a dual site. There is a potential solution to resolve the car parking situation, which would both mitigate the displacement and the wider and ongoing parking challenges and work is presently ongoing to explore this option. A resolution to this issue is a critical factor in the acceptability of this location and should it not be possible to resolve this matter alternative options may have to be considered for Seaham.

In terms of Bishop Auckland, mitigation of the impact on the community in and around Woodhouse Close from a relocation of the Leisure Centre to Tindale Crescent comes in the form of a commitment to the production of a feasibility study for the redevelopment of the Woodhouse Close site working in partnership with the local community to develop an appropriate scheme including the potential for new facilities for the area and targeted programmes for skills and education.

Procurement

All procurement in relation to this programme will be undertaken under the Council's contract procurement rules and with advice of the corporate procurement team.