

**Cabinet**

**29 September 2021**

**Leisure Transformation New Build Site  
Selection Update**

**Key Decision REG/07/21**



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## **Report of Corporate Management Team**

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and Growth**

**Councillor James Rowlandson, Cabinet Portfolio Holder for  
Resources, Investment and Assets**

### **Electoral division(s) affected:**

Countywide

### **Purpose of the Report**

- 1 This report provides an update on the due diligence activities undertaken since Cabinet approved the site preferences for three proposed new build leisure facilities in March 2021 subject to further due diligence and feasibility work.
- 2 The report seeks approval of the final site selection for two of the three new build leisure centres at Chester-le-Street and Bishop Auckland, and highlights the need to carry out further due diligence on the sites at Seaham before making a final decision.
- 3 The report also provides an update on the wider programme of leisure centre improvements across the County.

### **Executive Summary**

- 4 In March 2021, Cabinet approved preferred sites for new build leisure centres in Bishop Auckland, Chester-le-Street and Seaham, subject to further due diligence and feasibility work.
- 5 Between April and August 2021, further due diligence has been undertaken across all sites to assure the deliverability and value for money for the preferred sites of the new centres and for the

redevelopment and refurbishment works to be undertaken across the other facilities.

- 6 In the March 2021 report to Cabinet, the analysis for Bishop Auckland showed two viable sites: the existing site at Woodhouse Close and Tindale Crescent. Following consideration of the analysis, Tindale Crescent was identified as the preferred site for Bishop Auckland. A key part of this option was the expectation of an associated proposal to develop a community hub on Woodhouse Close, the vacated site of the existing leisure centre.
- 7 Since the March report was considered, further work has been carried out to identify likely accessibility and transport improvements to fulfil access and equality issues as outlined in the Equality Impact Assessment (EIA) and public consultation, and on likely land and planning issues. An updated EIA relating to the proposed new build sites at Chester-le-Street and Bishop Auckland is attached at Appendix 2.
- 8 Key to this is the further work undertaken to identify an alternative Temporary Stop Over Area (TSOA). This is required to mitigate the displacement of the current TSOA at Tindale Crescent where the proposed new build leisure centre was to be located. Alternatives have been explored and a suitable alternative has not been found.
- 9 Initial assessments and feasibility studies have also been completed on the potential construction costs of a new facility and Community Hub on the vacated Woodhouse Close site. It is estimated that the costs of such a development could be in excess of £5 million.
- 10 The potential impact and mitigations that could be put in place during the construction phase at Woodhouse Close have been further considered. The existing Leisure Centre at Woodhouse Close would not need to close for the full construction period, although more detailed work is required before the final project schedule can be produced.
- 11 Further consideration has been given to the key components of a community hub. The benefits and outcomes relate to the services and programmes that will be delivered and co-delivered to users, rather than from the actual building itself. These services could be incorporated into a leisure centre designate at a much lower level of additional cost than an independent building and site.
- 12 The March 2021 report, which at that time identified the preferred location as Tindale Crescent, subject to further due diligence being undertaken, included analysis of the appraisals of the various sites in Bishop Auckland. This showed a marginal preference for Tindale Crescent over Woodhouse Close. The public consultation showed a

preference for the Woodhouse Close site over any others. In terms of the appraisals at that time, both sites met the criteria for a leisure investment.

- 13 The preferred location for a new leisure centre in Bishop Auckland has been reconsidered to take account of the more detailed work that has been carried out as set out above. The aggregated effect of the detailed work indicates the material impact on the viability of Tindale crescent as the optimum location for the new leisure centre.
- 14 Taking account of this further work that has been undertaken, a change to the preferred site option for Bishop Auckland is recommended. The Woodhouse Close area is now the preferred location for a new build leisure centre that will incorporate a Community Hub within the leisure centre itself. Further public engagement will be carried out in due course on the overall facilities mix for the new build facility.
- 15 The further due diligence undertaken on the Chester-le-Street site has revealed no new significant issues or causes for concern beyond the car parking and traffic issues initially identified, with the conclusion that these can be mitigated or dealt with during the next delivery phase, therefore the recommendation is that Chester-le-Street should progress as originally planned and move to further public engagement on the facilities mix for this site.
- 16 Further work on the Seaham dual sites new build proposals set out in the March 2021 report has identified significant deliverability challenges that need to be addressed in order to be able to progress with this preferred option. These include mitigating displaced car parking and the need for further planning considerations as a result of the height of the proposed buildings. These matters have not yet been satisfactorily resolved and further work is required before final proposals can be brought forward for Seaham.
- 17 The previous report identified a significant capital investment requirement of £78 million and it was noted that investment at that level would pose challenges in terms of the Council's VAT partial exemption limit – which is calculated on a seven-year average and seeks to cap the level of input tax that can be recovered on exempt (from VAT) activity. At the time of the March report, discussions were ongoing with HM Revenues and Customs (HMRC) to seek further special dispensation to exceed the partial exemption seven-year average threshold.
- 18 Since the previous report, HMRC has provided the Council with special dispensation, albeit with clear instruction that the overall investment must not exceed £78 million. Any additional capital spending on the

leisure facilities above this level would be outside the approval given by HMRC and would expose the Council to financial penalties in the region of £14 million. The budget for the Leisure Transformation programme therefore must not exceed £78 million and all projects must be scoped within this cost envelope and with due regard to the need for significant levels of self-financing income, as previously identified.

- 19 In order to maintain a programme of appropriate pace and phasing to ensure optimum delivery in line with VAT regulations and the early health and wellbeing benefits of the investment in the County Durham Leisure Transformation programme, it is proposed that a number of individual centres refurbishments from the wider programme are initiated as soon as possible.
- 20 To facilitate this, a 'Leisure Conversation' phase is proposed, which will provide the opportunity for local public engagement on the programme and the facilities mix proposals on each site across the County. This will run alongside and throughout the first phase of the investment in order to maintain public engagement and involvement and for the Council to identify new and dynamic ways to engage, listen and respond to our residents.

## Recommendations

- 21 Cabinet is recommended to:
  - (a) agree to the final recommended site selections as follows:
    - i) **Bishop Auckland:** The existing site (Woodhouse Close);  
and
    - ii) **Chester-le-Street:** Former Civic Centre site;
  - (b) agree to carry out further due diligence on the viability of the dual site build proposals at Seaham;
  - (c) note the refurbishment projects (with the exception of Wolsingham, Shildon and Freeman's Quay, which will be considered in a second phase) to be commenced in 2022, subject to engagement with all key stakeholders and progress with design development;
  - (d) note the special dispensation provided by the HMRC for the seven-year average partial exemption limit, provided on the basis that the Council restricts total capital expenditure on the Leisure Programme within £78 million;
  - (e) note that updates will be provided in due course on the further due diligence and development work of this major capital

programme, with regular updates also provided through a wider communications and engagement plan across the County.

## Background

- 22 In January 2020, Cabinet agreed to a set of recommendations for an ambitious Leisure Transformation Programme. 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.
- 23 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.
- 24 A report was subsequently submitted to Cabinet in March 2021, setting out the details of the progress made on selecting appropriate site locations for new build leisure facilities in Seaham, Bishop Auckland, and Chester-le-Street. The March 2021 report detailed how an initial twenty-three site locations were considered, assessed, and eventually shortlisted to the nine most viable locations based on those assessments.
- 25 Having arrived at the nine most viable locations for the sites to be developed, a range of inputs were collated to complete an options appraisal to short-list to a preferred site for each of the three new build locations. This appraisal factored in details from five key inter-related evidence bases:
- (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 – a comprehensive consultation and engagement programme was undertaken to seek views on site location and facility options for the new sites as well as seeking early views on the wider facilities included in the broader programme. This included presentations to, and engagement with, all 14 Area Action Partnerships across County Durham;
  - (c) a **health impact assessment** - led by a licensed public health practitioner within the Council in order to robustly assess the health and wellbeing attributes of the various options;
  - (d) an **equality impact assessment (EIA)**, to identify and assess any potential impacts on any of the protected characteristics; and

- (e) **strategic place-based assessment** - undertaken by officers across the Council, enabling additional outcomes and benefits to be identified and fully taken into account, such as the wider place context of each leisure centre.
- 26 The five elements of the review process were designed to provide supporting evidence and inputs to inform a balanced assessment of the preferred site selection for each of the three new build locations.
- 27 In all instances and as identified in the March 2021 report, further detailed technical appraisal and due diligence was needed to consider the full viability of each of the preferred sites. This due diligence requires consideration of the forecast cost of each development, alongside the key issues that determine deliverability before final sites can be confirmed and requires engagement on the nature of the facilities within the centres.
- 28 These are major scale investments and further due diligence is in common with the complexities and scale of the public investment planned in the projects.
- 29 Given the significance of wider regeneration opportunities and the role that investment will play in our economic recovery from the Covid-19 pandemic, the strategic place based review was an important element, which influenced the Council's willingness to consider innovative or bespoke approaches in each location. As a result, the proposals for each location built on the local context of the place and had the potential to achieve greater impacts than a new leisure centre alone would be expected to deliver.
- 30 The March 2021 Cabinet report proposed the following preferred options for each of the three new build locations:
- (a) **New Build Site for Seaham** - a hybrid approach with new facilities at St John's Square and on the existing site, which was expected to produce significant regeneration benefits, as well as additional health outcomes from the proximity of aligned services and improved outdoor spaces;
  - (b) **New Build Site for Chester Le Street** – the selection of the former Civic Centre site was proposed, on the basis of there being ample space for the development and associated parking, with further sport and leisure opportunities being developed at the Riverside;
  - (c) **New Build Site for Bishop Auckland** - the recommendation was for a new build at Tindale Crescent, which would support regeneration in that locality, with additional proposals for a

Woodhouse Close community hub to be developed, with new facilities co-designed with local people on the existing site.

There was a marginal preference for Tindale Crescent over Woodhouse Close, even though the public consultation showed a preference for the Woodhouse Close site. In terms of the appraisals at that time, both sites met the criteria for a leisure investment.

- 31 The March 2021 Cabinet report highlighted a number of recommendations, including the need to review key areas of deliverability for the schemes and, significantly, the impact of the programme on the Council's VAT partial exemption position.
- 32 The due diligence issues that were identified in the March 2021 report, as part of recommending the preferred sites, were drawn out clearly and are summarised below:
- 33 **Seaham**
- (i) **Car Parking** – The loss of car parking through the development of the St John's site location would impact on the already challenging car parking situation within Seaham and this matter would need to be addressed through the development of the scheme. This was a specific issue noted throughout the consultation process;
  - (ii) **Planning concerns with regards to massing and stacking** – The St John's location presents a tight site which is bounded by other buildings, businesses, and residential properties on all sides and design will therefore need sensitive consideration;
  - (iii) **Public Utilities** – It was noted that a main public sewer main ran across the site, an electrical sub-station was also present and surface water drainage to the square also posed some challenges. All these issues require careful consideration through the planning and design of the site and would likely result in higher costs to build in this location.
- 34 **Chester-le-Street**
- (i) **Sewerage** - A concern was raised with regard to sewerage leaking near the proposed site;
  - (ii) **An archaeological survey** - will be required through the formal process of the Royal Institute of British Architects (RIBA) stages.



## 35 Bishop Auckland

- (i) **Temporary Stop Over Area (TSOA) site** – The proposed site was identified as an existing Gypsy Roma Traveller community (GRTC) temporary stop over area (TSOA) and that alternate provision would need to be found;
- (ii) **Mines and contamination** – It was noted that there had been a mine in that locality and that the mine entrance was located on the site. Contamination of the site and the presence of gas were also noted; concerns that required further detailed investigation;
- (iii) **Transport links / Accessibility** – The site had limited access to both the public transport and public footpath networks;
- (iv) **Ecology survey** – An ecology survey would be required on the site;
- (v) **Community Hub** – the strategic place assessment identified the opportunity to develop a proposal for a community hub to serve the community of Woodhouse Close and recommended further work should be taken forward to identify options for a community hub to be developed on the vacated site.

## Financial and VAT Position

36 Time on large capital projects is a key consideration in terms of the effect that duration has on the cost of design and delivery. The Government's construction strategy refers to the Royal Institute of British Architects (RIBA) process for the stages of work that represent best practice methodology for delivery a construction scheme. There are 7 stages which can loosely be set out in 4 main elements of work, as detailed below.

Initiation	RIBA Stage 0	Defining what you want to do
	RIBA Stage 1	Preparing the details of what you want to achieve
	RIBA Stage 2	Initial concept design & initial costings
Development	RIBA Stage 3	Enhanced design & advanced costings
	RIBA Stage 4	Technical design & contractor delivery price

Delivery	RIBA Stage 5	Construction
Closure	RIBA Stage 6	Training and Handover
	RIBA Stage 7	In Use

- 37 At the time of taking the report to Cabinet in March 2021, with the above areas of risk taken into consideration as well as building inflation impacts of Brexit and the pandemic, an overall budget projection was included. This set out, that in order to deliver all of the aspects of the new build programme and the planned wider refurbishments and other projects, a capital investment requirement of circa £78 million would be required. This was a significant uplift on the original cost estimates of £62.8 million that had been reported to Cabinet in January 2020.
- 38 The plans included an assumption of significant elements of the capital investment being funded from additional income generated from the new and updated facilities, on a self-financing basis. In summary, it was anticipated that c£1.63 million of additional net income could be generated and that this would fund circa £38 million of the overall capital expenditure required by the programme.
- 39 The new build costs had been completed to RIBA 1 stage and as such were an initial cost assessment for the site proposals. At this time, the costs did not include complete details which could only be ascertained once full onsite surveys were completed and when progress with designs could continue. RIBA 1 was the best stage that could be reached before a preferred site selection decision could be made, further work would then follow the selection of preferred site locations.
- 40 Local authorities can recover all VAT it is legitimately charged and have special status in VAT law by virtue of Section 33 of the VAT Act 1994 (as amended). Previous reports have detailed the VAT partial exemption (PE) risk in relation to the proposed significant investment in the leisure facilities.
- 41 As a Section 33 body, the Council can recover VAT on expenditure incurred in generating exempt income, subject to this not exceeding 5% of total VAT recovered. This is the PE calculation and generally the Council runs at around 3.7% of its overall VAT recovered being in relation to exempt activities.
- 42 If breached, all VAT recovered on activities that generate exempt income in the year in question is repayable to HMRC – this is a **revenue** cost. The Council's 5% threshold is normally circa £3.1 million per annum (based on a seven-year average of VAT recovered). This is the cost that would be incurred in each of the years the Council

breached its PE threshold should it exceed this on a seven-year average.

- 43 VAT incurred on capital expenditure where exempt income can be generated once completed, eg. new leisure centres, contributes to the PE calculation. An assessment has to be made on the proportion of income that will be generated by any new facility that will be exempt income before it is opened.
- 44 The January 2020 report to Cabinet, advised that based on a forecast £62.8 million capital investment, the annual 5% Partial Exemption limit would be breached in a number of years, however, HMRC had approved dispensation to utilise a seven-year averaging rather than individual annual assessments.
- 45 The calculation of the VAT PE seven-year average position is complex and volatile. It is based upon the previous two years, the current year and forecasts of VAT recovered in relation to exempt activity over the next four years. The calculations, based upon expenditure of circa £62.8 million phased over a four-year period, showed that the Council was able to maintain its PE position below the seven-year average dispensation provided by HMRC. The seven-year average peaked at a forecast 4.57%, which provided the Council with a level of flexibility if the programme costs escalated.
- 46 The increase in the forecast capital costs to circa £78 million however, posed significant further challenge and meant that the Council would have breached the seven-year average. Without further dispensation from HMRC, the Council faced the prospect of financial penalties (repayment of VAT recovered in relation to exempt activity in full for the years the seven-year average was breached) or a significantly longer investment period.
- 47 Following further consultation with HMRC, additional special dispensation has been provided for the Council to breach the seven-year average for PE. This is an unprecedented position and one which has been provided on the basis that the costs do not exceed £78 million.
- 48 HMRC has retained the right to rescind the special dispensation if the capital expenditure limits are exceeded, which would impact further on our PE calculation. On that basis it is recommended that the £78 million capital forecast is viewed as an absolute cap on the Leisure Transformation programme capital investment, unless the elements of the capital investment can be programmed beyond a period where the seven-year average is impacted, as this could mitigate the PE levels the Council needs to report to HMRC.

- 49 The situation will need to be carefully monitored and any impact on other projects fully considered as the programme progresses. The need to ensure the overall programme is in line with the HMRC guidance over the seven year period, may mean a careful balance in the complexities of the delivery of such a large capital programme over multiple sites and the desire of the County Council to meet public objectives for the level of investment and nature of the facilities.

### **Due Diligence and further Feasibility**

- 50 Further to the report in March 2021, a significant amount of further work has been undertaken to explore the necessary due diligence that is required to confirm the viability of the preferred site options and proposed refurbishments which the Cabinet approved at that time.
- 51 Across the portfolio of projects there are a number of aspects that must be satisfied for the projects to progress to the next stage, the key areas relate to planning, land ownership, overall costs and value for money. All aspects are considered individually and collectively when making an informed judgement regarding deliverability. For each of the three new build schemes the aspects are different and therefore the due diligence needs to reflect the specific issues of the individual locations. These are further set out below.

### *Seaham*

- 52 **Car Parking** – The loss of car parking through the development of the St John’s site location would impact on the already challenging car parking situation within Seaham. This was a specific issue noted throughout the consultation process. Considerable work has gone into finding suitable ways to support the development and delivery of improved and rationalised car parking in Seaham. To date the most viable solution requires the Council to acquire some land and buildings. Negotiations have taken place with the owner of these buildings however it has not been possible to reach a satisfactory outcome on terms that are agreeable to both parties, therefore this matter remains unresolved at this time.
- 53 **Planning concerns with regards to massing and stacking** – The St John’s town centre location presents a physically constrained site which is bounded by other buildings, businesses, and residential properties on all sides.
- 54 The design has subsequently developed through RIBA Stage 1, and following a facility mix review due to confirmation of the site, the size of the building has increased giving a greater emphasis to the massing

issue, and the edge of the proposed building has moved closer to the residential properties.

- 55 Planners have been reconsulted and have reviewed the updated Stage 1 layout site plan. Following further information received from the design team and further discussion with the planners there are concerns that the indicated 10m height for the buildings would be too oppressive for the properties opposite on Shelley Street. It would, therefore, need some articulation/modulation of the building to address that relationship as well as the inclusion of features in the elevations to provide some detailed/active frontage.
- 56 In order to progress this further, design development will be required. This will involve production of 3d models and consideration of building materials. Following this, further advice could be sought from the planners to try to resolve their concerns, but the likely impact would be that some of the facilities may have to be removed to get the massing down to such a size that the planners would find this acceptable. This would not however be acceptable to Leisure and is a risk if the design should proceed down this route.
- 57 The relationship with the adjacent Public House, the Volunteer Arms, looks somewhat problematic in terms of the close proximity of the proposed building and its setting, particularly given it is a non-designated heritage asset and the likely residential use of the upper floors.
- 58 **Public Utilities** – It was noted that a main public sewer main ran across the site, an electrical sub-station was also present and surface water drainage to the square. A utilities mapping survey has been completed and whilst it will be possible to divert and relocate the sewer and address the surface water drainage on the site, this is likely to result in a higher cost. The electricity cables running from the sub-station provide power to the other buildings around the site and would need to be carefully managed.

### *Chester-le-Street*

- 59 **Sewerage** - A concern was raised with regard to sewerage leaking near the proposed site. This has been checked by the utility provider and the issue has subsequently been resolved.
- 60 **An archaeological survey** – this investigation work is required and is planned during the RIBA Stage 2/3 design progress. This would be a consideration for most sites in and around the Chester-le-Street area and is not a significant cause for concern at this stage that would prevent the preferred site from progressing.

## *Bishop Auckland*

- 61 **TSOA site** – The proposed Tindale site was identified as an existing Gypsy Roma Traveller community (GRTC) temporary stop over area (TSOA). This represented the biggest challenge to overcome in terms of taking this site forward. Although work has been ongoing to find an alternative location for the TSOA, to date no suitable alternative has been identified.
- 62 The current TSOA at Tindale crescent was identified in 2017 following an extensive site identification process. This work was undertaken with the South West Durham GRT (Gypsy Romany Traveller) forum, which consists of relevant Council Services, both County Council and Parish Councillors as well as Blue Light Services. As part of this work, 15 sites were originally identified based on set criteria which included a requirement for any site to be located not ‘too far’ from the A688 corridor. The original list of fifteen sites was shortlisted to nine following a desktop study.
- 63 Following more detailed work, it was established that three sites were suitable to be utilised as a TSOA, with Tindale being one of these preferred locations. Sites were discounted for various reasons including proximity to roads, business and residential areas.
- 64 As part of the work that has been carried out since March 2021 to identify an alternative location options have been discussed with the South West GRT Forum. However, despite reviewing options, no suitable alternative site to Tindale has yet been identified and there are concerns about the impact this will have on the timescale for the development of the new leisure centre.
- 65 **Mines and contamination** – It was noted that there was a mine / mine entrance located on the proposed site at Tindale. Contamination of the site and the presence of gas were also noted; concerns that required further detailed investigation. The Council’s planning team have been able to access some historical site investigation records which suggest that the mine location is to the north of the site and also suggest that some previous remediation work has been carried out to address the contamination issues. Although the noted issues are of less concern following the review of this historical evidence, there remains a risk of these factors presenting further/ additional complications to the build which can only be drawn out through further and more detailed site investigations.
- 66 Work with highways and sustainable travel teams have identified a number of measures which could improve accessibility to the site, such as extensions to the public footpaths, inclusion of a dedicated cycle lane

and work to improve pedestrian routes for links with the public transport network. All of which have been deemed as feasible improvements, subject to more design work and development.

- 67 **Ecology survey** – An ecology survey is required on the site and must be carried out during the summer months. This has not been commissioned during summer 2021 due to the uncertainty around finding a suitable TSOA, which is a more critical factor at this stage.
- 68 **Community Hub** – Further consideration has been given to the key components of a community hub and this identifies that the key success criteria relate to the services and programmes delivered and co-delivered rather than from the actual building itself. Further work has been carried out on the opportunity to redevelop the Woodhouse Close site, including the impact on current provision during any construction period should a new leisure centre be developed on this site, the potential for new services for the area and a targeted programme for skills and education.
- 69 County Durham has a number of areas of high deprivation; the Woodhouse Close community is the most deprived ward in County Durham and falls within the top 10% nationally for levels of deprivation. Levels of deprivation around education, employment, income and health all fall within the top 10% nationally, so there is a clear need for positive impacts around all those areas of deprivation, not just improvements to health and wellbeing through leisure investment.
- 70 Deprivation indices are interrelated and should not be viewed in isolation. Nationally the most economically deprived areas have poorer health outcomes, and this is linked to the levels of employment and educational attainment as well as levels of disposable income. This is clearly reflected in the data for Woodhouse Close.
- 71 Initial assessments and feasibility studies have been completed on the potential construction costs of a new facility and Community Hub on the vacated Woodhouse Close site. It is expected that the costs of such a development could be in excess of £5 million.
- 72 While the development of a separate community hub on Woodhouse Close would provide undoubted benefit, the strong correlation between outcomes for health and wellbeing with outcomes for skills and employment metrics, provide a strong case for aggregated benefit which recognises the interrelatedness of these factors in the lives of our communities.
- 73 Therefore, aligning services and activity to support health, wellbeing, education and skills within the Woodhouse Close community will support holistic improvements across the locality. The opportunity to

house this in a single building is more cost-effective, more operationally viable and with greater benefit to the community and users. We have seen through past projects where co-location has been delivered, such as co-location of leisure, library and customer access services, that the outcome of this alignment of services is beneficial to all parties, whilst at the same time proving a more cost effective solution to the Council.

- 74 In addition, the co-location of facilities on Woodhouse Close aligns with feedback from the site selection consultation, where there was a preference for a new build in the existing location.

## **Optimal Sites**

- 75 Following the due diligence work undertaken, officers have developed further the proposals and reviewed the specific aspects identified in the March 2021 Cabinet report to assess the extent to which those delivery related aspects could be addressed, and if the initial preferred sites could be delivered.
- 76 This has resulted in the necessity to reflect on some key issues for the Bishop Auckland Tindale development and Seaham dual site locations. In these cases, it is particularly the culmination of a number of issues for delivery that creates the risk to delivery in these two localities.
- 77 The former Civic Centre site in Chester-le-Street remains viable and is still considered to be the best option available for the new leisure centre in this locality. The ongoing risk factors for delivery of the new facilities on this site are considered to be matters that can be addressed through project delivery.
- 78 The issues with the site at Tindale in Bishop Auckland are individually challenging but collectively present delivery issues considered too difficult to overcome and present unacceptable risk to the timeframe and cost of the overall programme.
- 79 The displacement of an essential TSOA would require the Council to find an alternative site. Alternatives have been sought by the Council without success, due to a combination of limited available land and evidence of negative public response when TSOAs are proposed. This issue has the potential to cause delays to the programme.
- 80 The due diligence on the Tindale crescent site with a new community hub developed at Woodhouse Close indicates a more costly build programme in a location that would require further additional investment to improve accessibility.
- 81 In particular for Bishop Auckland, the due diligence and further assessment undertaken also takes account of the fact that the initial



appraisal, which demonstrated that Woodhouse Close is a viable alternative to the Tindale proposal, with the co-location of facilities on Woodhouse Close also aligning with feedback from the site selection consultation, where there was a preference for a new build in the existing location.

- 82 A full detailed design for a community hub has not been developed however it is estimated that it would cost in the region of £5 to £7 million depending on the scale of the building. This is based on a building of approximately 600 sq.m including a BREEAM allowance, fees and fixture and fittings estimates.
- 83 This additional cost, when added to the £78 million capital programme, could impact on value for money and add additional risk to the available budget, especially in light of the VAT considerations that have been highlighted. It is therefore considered that the objectives of a community hub can be better met through co-located facilities and services, which can be included in the main new scheme design.
- 84 The further work that has been undertaken has also clarified the potential impact and mitigations that could be put in place during the construction phase at Woodhouse Close which will mean that the existing leisure centre will not need to close for the full duration of the construction.
- 85 The five assessments used to determine the preferred new build site location in March identified a marginal preference for Tindale Crescent over the existing Woodhouse Close site.
- 86 Taking account of the due diligence carried out to date, the preferred sites for the new leisure facilities are:
- i) **Bishop Auckland:** The existing site (Woodhouse Close);
  - ii) **Chester-le-Street:** Former Civic Centre site.
- 87 Although these sites represent the optimal locations, as with all major projects, risks remain – particularly with regards to estimated capital investment requirements and associated self-financing assumptions. However, for the Civic Site in Chester-le-Street the due diligence carried out to date does not suggest any immediate cause for concern.
- 88 Additional due diligence will be required for the Woodhouse Close site in Bishop Auckland but the presence of an existing leisure centre on the site provides the confidence required to confirm an option can be delivered. Further work will be required on project schedule and any required closure period during construction. Detailed work will be required to minimise disruption to the existing offer but at this stage it is

not possible to quantify how long the existing leisure centre or aspects of it will need to be closed. During RIBA 2 an assessment of the design principles will be informed via surveys to determine the most appropriate approach to construction of the New Build. This will then inform the brief during stages RIBA 3 and 4, in undertaking a cost-benefit assessment to consider the impact of phasing the new build in the most effective and efficient manner.

- 89 The site at Woodhouse Close allows the opportunity to further explore the co-location of the library service within the leisure centre and to broaden the offer to integrate services that were planned for the new community hub. The full details of this site will be subject to further public engagement.
- 90 For Seaham, the scale of the building and the need to 'stack' due to site constraints is challenging for design and planning. The mitigation measures for the displaced car parking provision requires further detailed work. Further due diligence work is therefore required before a final decision can be made on the suitability of the St John's Square site and this will be reported to Cabinet as part of a wider update early in 2022.

### ***Refurbishment of Other Leisure Centre Facilities***

- 91 While the March 2021 Cabinet report focussed primarily on the new-build options, an updated overall programme budget was agreed, including individual budgets for non-new build projects.
- 92 The improvements to existing centres cover a broad scale of works from general improvements to major refurbishments and updates to the overall offer at some centres. The estimated investment in the wider facilities is circa £19.3 million – or 25% of the overall programme budget.

### **Refurbishment and Improvement Programme Deliverability**

- 93 Since the previous report was considered, further work on developing the proposed facilities mix and deliverability of planned interventions has been progressed. It is forecast that all improvements, with the exception of Shildon, Wolsingham and Freemans Quay, could commence in 2022. Shildon and Wolsingham will be the subject of a second phase when further options have been developed for both sites. Freemans Quay improvements will be finalised when contractual income-share arrangements expire. The costs of refurbishing these facilities will need to be accommodated from within the overall budget.
- 94 In advance there will be a process to engage further with the local communities benefiting from each centre and should those

conversations result in significant changes to the schemes, adjustments will be made to the delivery programme and communicated accordingly.

- 95 To facilitate this, a ‘Leisure Conversation’ is proposed and more detail is set out later in the report.
- 96 During the coming months the project team will seek to continue to balance the ambition for the programme, different demands on the facilities mix, meaningful engagement, the consideration of the VAT exemption and the delivery of such a major capital programme. The Council therefore will continue to progress, engage and balance this position with transparency.
- 97 At this stage timing may change as the programme develops. The results of more detailed site surveys, the procurement route taken, material availability, material costs and planning and importantly the need to cap total expenditure at £78 million, could all impact the programme.
- 98 Since March 2021, further work has been carried out on the leisure centre improvement and refurbishment projects and the current works planned for each facility is outlined below. This is indicative and will be further refined and developed as the schemes are developed and the ‘Leisure Conversations’ are progressed. The outcome from more detailed site investigations, material availability and costs along with the outcome from discussions with the public regarding facilities mix may all impact on the ability to commence refurbishment works in 2022.

<b>Spennymoor</b>	
<b>Proposals</b>	<b>Further Considerations</b>
<ul style="list-style-type: none"> <li>• Relocate the main reception to the centre of the building, creating a better / closer link to the town centre and high street</li> <li>• Improve the walkway / route from the main car park to the new entrance</li> <li>• Co-locate the library into the leisure centre</li> <li>• Utilise the area where reception is currently located to expand and improve on the leisure offer by installing a soft play area</li> <li>• Café provision.</li> <li>• Improve and add to the water play features offered by the leisure pool</li> </ul>	<ul style="list-style-type: none"> <li>• No further considerations other than the management of impact on the day to day operation of the leisure centre</li> </ul>

<b>Spennymoor</b>	
<b>Proposals</b>	<b>Further Considerations</b>
(sprays and fountains and interactive sensory wall) <ul style="list-style-type: none"> <li>• Using the opportunity to resolve various capitalised maintenance issues and to improve environmental sustainability</li> </ul>	

<b>Teesdale</b>	
<b>Proposals</b>	<b>Further Considerations</b>
<ul style="list-style-type: none"> <li>• Essential maintenance issues and improvements / modernisation to the customer environment</li> <li>• Upgrades to pool plant to modernise the facilities behind the scenes and also to improve pool water quality standards (</li> <li>• New reception area and reception desk</li> <li>• Existing pool changing to be converted into a modern changing village</li> <li>• Installation of a Wellbeing offer (centred around toning)</li> <li>• General maintenance and upgrades to facilities</li> <li>• Using the opportunity to resolve various capitalised maintenance issues</li> </ul>	<ul style="list-style-type: none"> <li>• Consultation on squash courts and impact of proposed repurposing of these</li> <li>• Consideration of the management of disruption and the implications of the project on the day to day operation of the leisure centre</li> </ul>

<b>Abbey</b>	
<b>Proposals</b>	<b>Further Considerations</b>
<ul style="list-style-type: none"> <li>• Rationalising the current fitness offer onto the first floor to overall modernise and improve the gym facilities.</li> <li>• Install a large-scale play centre in the main hall, utilising soft play for the 0-5 years as well as more adventure focussed activities that still maximise physical activity and fun through play,</li> </ul>	<ul style="list-style-type: none"> <li>• Consultation on the impact of proposed repurposing of the sports hall and, sauna provision.</li> <li>• Consideration of the management of disruption and the implications of the project on the day to day</li> </ul>

<b>Abbey</b>	
<b>Proposals</b>	<b>Further Considerations</b>
<p>such as Tag Active and trampolines, etc.</p> <ul style="list-style-type: none"> <li>• Installation of a Wellbeing offer (centred around toning)</li> <li>• Improve the group exercise spaces to allow for the development of a new and broader programme of activity.</li> <li>• Alterations to the site to reflect the new mix of facilities such as improvements to changing rooms and provision of suitable toilet facilities.</li> <li>• Café &amp; Catering</li> </ul>	<p>operation of the leisure centre</p>

<b>Peterlee</b>	
<b>Proposals</b>	<b>Further Considerations</b>
<ul style="list-style-type: none"> <li>• Relocate the fitness suite and improve the overall offer</li> <li>• Install a “destination” venue, which is based around soft play, adventure play and tenpin bowling</li> <li>• Improve the group exercise spaces</li> <li>• Install a catering offer</li> </ul>	<ul style="list-style-type: none"> <li>• Consultation on impact of proposed repurposing of the sports hall</li> <li>• Consideration of the management of disruption, phasing of the planned changes and the implications of the project on the day to day operation of the leisure centre</li> </ul>

<b>Riverside</b>	
<b>Proposals</b>	<b>Further Considerations</b>
<ul style="list-style-type: none"> <li>• Essential works to the athletics track and ancillary facilities to return it to the required standard to meet club and community needs</li> <li>• Resurface the existing 3G pitch</li> <li>• Install a second 3G pitch on the site</li> <li>• Refurbish the changing rooms in the pavilion</li> <li>• Refurbish the current outdoor hard-court space to a useable standard for club, community and recreational use</li> </ul>	<ul style="list-style-type: none"> <li>• Further work is required to understand the role of and potential contribution of partners into the proposals at the site.</li> <li>• Exploration of potential external funding available to support delivery of the project</li> </ul>

<b>Riverside</b>	
<b>Proposals</b>	<b>Further Considerations</b>
<ul style="list-style-type: none"> <li>• Locate a strength and conditioning offer within the pavilion to support all clubs and users</li> </ul>	

<b>Consett</b>	
This project which is currently on site will be completed in Spring 2022.	

<b>Louisa Centre</b>	
<b>Proposals</b>	<b>Further Considerations</b>
<ul style="list-style-type: none"> <li>• Installation of adventure activities into half the sports hall (aimed at the teenage / family market) – Clip and Climb / TAG Active.</li> <li>• Improvement and expansion of the soft play offer (0-5 years and family)</li> <li>• Installation of a Wellbeing offer (centred around toning) to expand the health benefits and commercial opportunity at the site and in that area.</li> <li>• Café / catering offer to support the junior play and adventure play activities</li> <li>• Expansion and improvement of group exercise spaces including the adoption of immersive digital technologies (e.g. Virtual Spinning</li> <li>• physical infrastructure to allow consideration of emerging E-sports demand within the activity programme</li> </ul>	<ul style="list-style-type: none"> <li>• Consultation on impact of proposed repurposing of the sports hall</li> <li>• A considerable amount of building condition work is also required at the Louisa Centre and is to be explored to consider the delivery of a single project covering all condition and transformation works in one scheme.</li> <li>• Consideration of the management of disruption, phasing of the planned changes and the implications of the project on the day to day operation of the leisure centre</li> </ul>

<b>Newton Aycliffe</b>	
<b>Proposals</b>	<b>Further Considerations</b>
<ul style="list-style-type: none"> <li>• Essential maintenance works and condition improvements</li> <li>• Improvements to changing rooms and toilets</li> </ul>	<ul style="list-style-type: none"> <li>• This building has already benefited from significant investment throughout the building and through the previous co-location of the library.</li> </ul>

<b>Meadowfield</b>	
<b>Proposals</b>	<b>Further Considerations</b>
<ul style="list-style-type: none"> <li>• Improvements to group exercise spaces to allow for more classes and development of the offer. This will aid the service to realise latent fitness demand for this site.</li> <li>• Consolidation and improvement of the fitness offer through the transformation of the sports hall into a gym and functional exercise area.</li> <li>• Essential maintenance works to changing and toilets</li> </ul>	<ul style="list-style-type: none"> <li>• Consultation on impact of proposed repurposing of sports hall and squash courts.</li> <li>• Consideration of the management of disruption, phasing of the planned changes and the implications of the project on the day to day operation of the leisure centre</li> </ul>

99 The proposals above could (based on current forecasts) commence at different points during 2022 depending on the scheme concerned. The Council intends to progress a very ambitious programme to ensure that the sites can commence as soon as possible, the programme may need to be agile to reflect any significant feedback from the leisure conversation that results in fundamental changes requiring redesign as well as the VAT position.

**Phase 2:**

<b>Shildon</b>	
<b>Proposals</b>	<b>Further Considerations</b>
<ul style="list-style-type: none"> <li>• Strategically important outdoor leisure sites with investment already in the athletics track.</li> <li>• Essential maintenance and condition works planned for the leisure centre building</li> </ul>	<ul style="list-style-type: none"> <li>• Explore options regarding optimum leisure centre provision once a long-term plan for the adjoining school is confirmed.</li> </ul>

<b>Wolsingham</b>	
<b>Proposals</b>	<b>Further Considerations</b>
<ul style="list-style-type: none"> <li>• improvements have already been made at Wolsingham since the Council took over its operation in September 2020: <ul style="list-style-type: none"> <li>• Car Park surface works</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Further works subject to funding and ongoing exploration of options</li> </ul>

<b>Wolsingham</b>	
<b>Proposals</b>	<b>Further Considerations</b>
<ul style="list-style-type: none"> <li>• Leisure management system and ICT / Digital / Telephony infrastructure</li> <li>• General maintenance items (windows, doors, rainwater goods)</li> <li>• Pool Tank lining and various pool plant work</li> <li>• Site “face lift” (signage / decoration / branding)</li> </ul>	

<b>Freemans Quay</b>	
<b>Proposals</b>	<b>Further Considerations</b>
<ul style="list-style-type: none"> <li>• Improvements to the group exercise facilities to embrace digital and immersive exercise experiences</li> </ul>	<ul style="list-style-type: none"> <li>• Due to current income share contracts in operation further work is required to confirm the timescale of proposals</li> </ul>

100 For completeness the facilities mix for the new build leisure Centres has been included in the table below:

<b>New Builds – facility mix core principles</b>	
<b>Proposals</b>	<b>Further Considerations</b>
<ul style="list-style-type: none"> <li>• Swimming Pools</li> <li>• Children’s play</li> <li>• Fitness Suite</li> <li>• Group Exercise Studios</li> <li>• Food &amp; Beverage offer</li> <li>• Outdoor areas / space</li> </ul>	<ul style="list-style-type: none"> <li>• Subject to;</li> <li>• Site confirmation</li> <li>• Site surveys &amp; due diligence</li> <li>• Design progress</li> <li>• Consultation</li> </ul>

## **The Leisure Conversation**

101 A significant consultation process was undertaken in advance of the development of the March 2021 report to inform site selection, health impact assessment and to identify key drivers for leisure centre use from existing leisure centre users and the wider public.

102 To move the programme forward, a ‘Leisure Conversation’ phase is now proposed, which will provide the opportunity for local public engagement on the programme and the facilities mix proposals on each site across the County. This will run alongside and throughout the first



phase of the investment in order to maintain public engagement and involvement and for the Council to identify new and dynamic ways to engage, listen and respond to our residents.

- 103 It is proposed to deliver consultation activities across a number of phased cohorts. Given the different stages of development the various projects, it is necessary to bring these forward to share with the public as and when proposals are confirmed and individual designs progress to a sufficient stage that there are meaningful details to share.
- 104 It is intended to take the same approach for each cohort and to maintain a constant dialogue throughout the programme with various users and special interest groups.
- 105 For the first phase refurbishment projects it is proposed to engage residents, stakeholders and users in a dynamic dialogue to support the development and delivery of the projects. The process will use a range of methods to ensure local involvement with proposals including:
- (a) Local members sessions for each area;
  - (b) Information provided for Local AAP sessions;
  - (c) Information and feedback sessions onsite and online using instant feedback platforms;
  - (d) 'Town Hall' ideas sessions for leisure and sports programming in the refurbished centres;
  - (e) Focus groups with disabled and young people as outlined in the Equalities Impact Assessment (EIA);
  - (f) Stakeholder round tables to share ideas and expertise; and
  - (g) Sessions within existing leisure centres.
- 106 Times of the day will be varied to ensure the maximum accessibility for our communities. The dialogue will be ongoing during the project development and delivery. Post-delivery analysis, including understanding the experiences of users of similar facilities elsewhere, will also be conducted.
- 107 The methods outlined above will ensure a sufficient breadth of engagement activities and given the different levels of changes proposed for each project, these activities will ensure the approach is both proportional to the changes and reasonable in its duration and content.

108 The below tables sets out the indicative approach to the cohorts, the level of changes and pitch of the approach to consultation. The intention is for the activities in cohort 1 and 2 being delivered over 4-week periods. The activity in cohort 1 is planned to begin in October.

<b>Cohort</b>	<b>Site</b>	<b>Level of Change</b>	<b>Consultation type</b>
Cohort 1	Abbey	Minimal	Consultation through conversation
	Spennymoor	Minimal	Consultation through conversation
	Teesdale	Minimal	Consultation through conversation
	Peterlee	Minimal	Consultation through conversation
	Consett	None	Communication of work planned
Cohort 2	Meadowfield	Minimal	Consultation through conversation
	Louisa	Minimal	Consultation through conversation
	Riverside	Minimal	Consultation through conversation and communication of work planned
	Newton Aycliffe	None	Communication of work planned

109 Consultation will be held for the new build sites and a further cohort including Shildon, Wolsingham and Freemans Quay when further plans for those sites are established.

110 Taking only a traditional approach to consulting means the programme delivery will pause for the duration of the consultation period and evaluation of the results. As a result, the delivery timeline for all projects will be affected by length and outcome of the consultation, either through the time allowed for the consultation activities or as a result of any re-design work that may be necessary to take account of feedback received. Once responses to the consultations have been

evaluated, it may be necessary to engage in further design work on individual sites. This work may lengthen delivery timescales.

- 111 However, ensuring a bespoke combination of consultation and conversation techniques which are proportionate to the individual proposals at each centre and to the expectations of their users, potential users, community and stakeholders will allow for optimum programme progression.
- 112 The individual projects within the transformation programme will be carefully scoped and managed to ensure that those early projects do not exceed budget allocations and reduce the scope of projects that commence later in the programme. Indicative spend profiles for all projects will be needed before commencing.

## **Conclusion**

- 113 For the new build sites, Chester-le-Street former Civic Centre site remains the optimal site.
- 114 For Bishop Auckland, the Tindale Crescent site presents a number of challenges which taken on an individual basis although problematic could be overcome. However, the cumulative impact of these challenges presents a specific risk to the Bishop Auckland project and to the overall financial deliverability of the Leisure programme. It is considered therefore, that at this stage in the programme it is appropriate to mitigate this risk by developing the new leisure centre on the Woodhouse Close site and incorporating the Community Hub within it.
- 115 The outcome of the further due diligence work carried out at Seaham has highlighted some concerns which require further, more detailed investigations before a final decision can be made on the suitability of the St John's Square site and this will be reported to Cabinet as part of a wider update early in 2022.
- 116 The refurbishment projects, with the exception of Shildon, Wolsingham and Freemans Quay will commence during 2022 subject to agreement to the final facilities mix.
- 117 Shildon and Wolsingham will be the subject of a second phase when further options have been developed for both sites. Freemans Quay improvements will be finalised when contractual profit-share arrangements expire.

## **Background papers**

- None.

### **Other useful documents**

- Cabinet report January 2020
- Cabinet report March 2021.

### **Author(s)**

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## **Appendix 1: Implications**

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### **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.

Local authorities can recover all VAT it is legitimately charged and have special status in VAT law by virtue of Section 33 of the VAT Act 1994 (as amended). As a Section 33 body, the Council can recover VAT on expenditure incurred in generating exempt income, subject to this not exceeding 5% of total VAT recovered.

### **Finance**

The report to Cabinet in March 2021 identified a need for capital investment, with a proportion of that expected to be funded on a self-financing basis from the additional net income forecast to be generated. The estimated capital funding to deliver the Leisure Transformation programme is £78 million, split £58.7 million in relation to the three new builds and £19.3 million in relation to the refurbishment and repurposing of the other leisure facilities. In terms of the self-financing element, it is anticipated that c£1.6m of additional net income could be generated from the new and updated facilities, which would fund circa £38 million of the overall capital expenditure required by the programme.

Special dispensation has been given by the HMRC to exceed the Partial Exemption seven-year average but only on the basis that capital expenditure is contained within the £78 million forecast reported to HMRC. Any additional capital spending on the leisure facilities above this level would be outside the approval given by HMRC and render the VAT recovered as part of the programme as outside the scope and expose the Council to financial penalties in the region of £14 million.

### **Consultation**

An extensive consultation exercise was undertaken in November and December of 2020 in relation to the facility mix considerations and the new build, potential site locations. This exercise included a Health Impact Assessment and an Equalities Impact Assessment which were both used, in conjunction with the consultation feedback as evidence bases within the overall decision to select three preferred site locations in March 2021.

A further round of engagement activities is planned, delivered across a phased number of cohorts where individual site-specific proposals are to be shared with all key stakeholders through a number of focussed and general

engagement mediums. The approach will be to enact a conversation over a 4 week period for each cohort that will be both sufficient and proportional to the scale of the proposed facility changes.

In addition to the cohorts, which will focus upon the refurbishment schemes, a consultation exercise will be delivered focusing on the new builds.

The engagement activities across all projects will require time to be allocated within the programme to sufficiently evaluate all feedback and ensure this is considered against each of the facility development proposals.

### **Equality and Diversity / Public Sector Equality Duty**

The programme identified will have a positive impact on the Council's equality duty and a full equality impact assessment (EIA) is attached to this report. Expected temporary disruption (and the impact of this in terms of age, disability, pregnancy and maternity) during construction phase at the proposed Woodhouse Close location at Bishop Auckland will be minimised with ongoing community engagement. Engagement activity will also include the ongoing dialogue with key special interest focus groups to ensure that sufficient feedback is included in the designs as they progress. An updated EIA is at Appendix 2.

### **Climate Change**

The Leisure Centre Transformation Programme and supporting initiatives should provide a contribution towards corporate carbon reduction targets of the Council's Climate Emergency Response Plan and will also provide opportunities to encourage local supply chain partners to support this Plan.

### **Human Rights**

None.

### **Crime and Disorder**

Although not specifically detailed in this report, it is still expected that the Leisure Centre Transformation Programme will have a positive contribution to overall social value, which will include crime and disorder, but also a much broader and holistic impact across a number of dimensions.

### **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 will lead to co-locations of other services in several locations. There will be no change to the number of leisure facilities but may lead to a reduction or change of use 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 is financial, linked to 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. This also includes the option of the partner continuing to work with the Council until the identified business planning assumptions are achieved. This therefore shares the risk, as the support package from the partner is delivered at their cost. This is one of the key factors which makes the figures more prudent and achievable.

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.

The risk associated with the VAT Partial Exemption limits being breached has been mitigated by the additional special dispensation provided by HMRC, but only on the basis that capital expenditure is contained within the £78 million forecast and reported to HMRC. Any additional capital spending on the leisure facilities above this level would be outside the approval given by HMRC and render the VAT recovered as part of the programme as outside the scope and expose the Council to financial penalties in the region of £14 million.

The challenges with car parking displacement with both the development of St John's Square site as a standalone facility or as part of the development of a dual site have not yet been resolved. 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.

## **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.

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## Appendix 2: Equalities Impact Assessment

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### Durham County Council Equality Impact Assessment

**NB:** The Public Sector Equality Duty (Equality Act 2010) requires Durham County Council to have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation, advance equality of opportunity and foster good relations between people from different groups. Assessing impact on equality and recording this is one of the keyways in which we can show due regard.

#### Section One: Description and Screening

<b>Service/Team or Section</b>	Regeneration Economy and Growth; Culture, Sport & Tourism Corporate Property & Land
<b>Lead Officers</b>	Alison Clark, Head of Culture, Sport and Tourism  Susan Robinson, Head of Corporate Property & Land
<b>Title</b>	Leisure Transformation New Build Site Selection Update (September 2021)
<b>MFTP Reference (if relevant)</b>	N/A
<b>Cabinet Date (if relevant)</b>	29 <sup>th</sup> September 2021
<b>Start Date</b>	January 2020
<b>Review Date</b>	January 2021
<b>Review Date</b>	April 2021
<b>Review Date</b>	June 2021
<b>Review Date</b>	September 2021

#### Subject of the Impact Assessment

**Please give a brief description of the policy, proposal or practice as appropriate (a copy of the subject can be attached or insert a web-link):**

The Proposal is the transformation of Durham county council leisure centres, including the replacement of facilities in Chester-Le-Street, Seaham and Bishop Auckland.



Following the initial site preferences approved by Cabinet in March 2021, further due diligence activities have been completed on the new build sites. For Seaham there are still several areas of due diligence work to complete before it will be possible to bring forward a recommendation. **For Bishop Auckland and Chester-Le-Street, final sites are now being proposed and these are therefore the subject of this assessment.**

The wider programme of improvements, where changes are proposed to the facility and activity mix will be the subject of a further EIA once these plans are confirmed and have been considered through public engagement activities. These changes along with proposals for Seaham will be brought forward to Cabinet in early 2022.

**Who are the main stakeholders? (e.g. general public, staff, members, specific clients/service users):**

Durham County residents  
 Durham County Council members and officers  
 Service users (current and future)  
 Schools and colleges  
 Special interest groups  
 Clubs and other organisations (particularly those who hire current facilities)  
 AAPs

**Screening**

**Is there any actual or potential negative or positive impact on the following protected characteristics?**

Protected Characteristic	Negative Impact Indicate: Y = Yes, N = No, ? = unsure	Positive Impact Indicate: Y = Yes, N = No, ? = unsure
Age	N	Y
Disability	N	Y
Marriage and civil partnership (workplace only)	N	N
Pregnancy and maternity	N	Y
Race (ethnicity)	N	N
Religion or Belief	N	N
Sex (gender)	N	Y

Sexual orientation	N	Y
Transgender	N	Y

**Please provide brief details of any potential to cause adverse impact. Record full details and analysis in the following section of this assessment.**

The proposed leisure centre improvements, or in some cases, new facilities being built, will provide the opportunity to address some building condition issues, this will likely improve the overall ability of the leisure services to provide access and cater for all groups.

Initially concerns were noted as part of the Equalities Impact Assessment (EIA) accompanying the site selection report presented to Cabinet in March 2021, that young people, older people, and those with disabilities might be affected by the change of site location most of all, but this was dependant upon which sites were preferred from a shortlist of 9 possible locations.

Following the further work which has been completed since the initial site selection preferences were set, the only site which is now being finally recommended to change from its current location is Chester-Le-Street. The initial concerns noted above have been explored as part of the due diligence activities and the move from the existing site to the Civic Site in Chester-Le-Street is likely to have an overall positive impact due to its improved proximity to pedestrian and public transport links. The beneficial impacts from the location change, coupled with the obvious opportunities to improve physical accessibility standards of the building and programme mean an overall improvement.

There could be some impact during the construction phase at Bishop Auckland now that this is proposed for the existing leisure centre site at Woodhouse close. This could potentially impact all users, but could have a disproportionate negative affect for younger, older, and disabled people who may or may not be able to travel to alternate provision. However initial work suggests service disruption may be able to be kept to a minimum, although some disruption will still likely occur it is proposed to explore ways of mitigating this through the further development of construction proposals for this site and through engagement with the current users and wider community.

The original EIA noted that the land adjacent to the football club at Tindale Crescent, Bishop Auckland is currently used as a temporary stop over site for Gypsy, Roma, and Travellers (GRT). With the final decision to place the Bishop Auckland site at the existing leisure centre location (Woodhouse Close) the negative affect upon Race is no longer a consideration.

**How will this policy/proposal/practice promote our commitment to our legal responsibilities under the public sector equality duty to:**

- **eliminate discrimination, harassment and victimisation,**
- **advance equality of opportunity, and**
- **foster good relations between people from different groups?**

Enhanced leisure provision via the new build of leisure centres is positive to all. New builds will meet higher accessibility standards which is positive for disabled people. This is also likely to be particularly beneficial in terms of age (younger and young working age families) as well as disability where there are more barriers (cost/choice/access) to using alternative leisure provision in the private sector for these groups. As a public provider of leisure services, provision can be tailored to meet the needs of particular groups and this is potentially beneficial in terms of age, disability, sex and religious belief.

Consultation and engagement will ensure that all residents of Durham can feed into the proposals. Where relevant, specific groups, such as the Disability Partnership, will be included. This impact assessment has been updated in the evidence section below with relevant information to this assessment, but full information on the due diligence activities, the proposals and the consultation are detailed in the Cabinet paper aligned to this assessment.

## Evidence

**What evidence do you have to support your findings?**

**Please outline your data sets and/or proposed evidence sources, highlight any gaps and say whether or not you propose to carry out consultation. Record greater detail and analysis in the following section of this assessment.**

### **Baseline data on current leisure centre users**

Roughly 3% of our customers are aged between 75 – 96 and 12% are aged between 8 – 15 and might reasonably expect to attend services without an adult. Although we don't collect information on member accounts regarding disability status, from surveys and other data we have collected, we can estimate that we have circa 10% of our members who identify as having a disability.

Age profile breakdown:

Age group	Number	Percentage
0-15	7418	22%
16-24	5225	16%
25-34	5193	16%
35-44	4438	14%
45-54	4131	13%
55+	5751	17%
Undisclosed	562	2%
<b>Total</b>	<b>32718</b>	<b>100%</b>

**Technical due diligence** – since the site preferences were agreed at the March 2021 Cabinet meeting, further work has been undertaken and is detailed in the Cabinet paper associated with this assessment. New builds will meet higher accessibility standards which is positive. The concept of inclusive design considers how all groups of people use a building and future proofs a building aiming to ensure building design is as inclusive as possible.

**Earlier Consultation** – through an initial phase of consultation through November and into December 2020 feedback was captured on the site selection preferences and on the general activity mix proposals, in total there were 2559 responses to the consultation and engagement surveys, 709 responses to the consultation regarding site selection and 1850 on the engagement covering facility and activity mix.

Specific consultation took place with the South West Durham GRT (Gypsy, Roma and Traveller) forum and it noted there was no suitable alternative to replace the temporary stop over site at Tindale.

**This impact assessment addresses the review of the site selection and change to Woodhouse Close in Bishop Auckland instead of the previous preference for a development at Tindale Crescent. The Cabinet report details the full range of due diligence activities undertaken to support this change of site selection preference for Bishop Auckland and notes the overall positive impact as a result of the development on the Civic Site in Chester-Le-Street.**

It is still planned, that consultation will take place onwards through the life of the programme. It is planned to deliver localised sites specific engagement as well as a range of focus groups, especially focussing on the older generation, those with disabilities, young people, and families. The Cabinet paper associated with this assessment details full proposals on the approach to consulting on the projects and delivery of this across a number of cohorts.

Once detailed designs are completed, this assessment will be revisited and specific reviews of accessibility to the new venues at the chosen locations and the overall new activities proposed across the programme will be considered as part of a further update to Cabinet early in 2022.

## Screening Summary

On the basis of this screening is there:	Confirm which refers (Y/N)
Evidence of actual or potential impact on some/all of the protected characteristics which will proceed to full assessment?	Yes
No evidence of actual or potential impact on some/all of the protected characteristics?	

## Sign Off

Lead officer sign off: Programme Manager, leisure transformation	Date: 20 September 2021
Service equality representative sign off: Equality and Diversity Team Leader	Date: 20 September 2021

If carrying out a full assessment, please proceed to section two.

If not proceeding to full assessment please return completed screenings to your service equality representative and forward a copy to [equalities@durham.gov.uk](mailto:equalities@durham.gov.uk)

If you are unsure of potential impact please contact the corporate research and equalities team for further advice at [equalities@durham.gov.uk](mailto:equalities@durham.gov.uk)

## Section Two: Data analysis and assessment of impact

Please provide details on impacts for people with different protected characteristics relevant to your screening findings. You need to decide if there is or likely to be a differential impact for some. Highlight the positives e.g. benefits for certain groups, advancing equality, as well as the negatives e.g. barriers for and/or exclusion of particular groups. Record the evidence you have used to support or explain your conclusions. Devise and record mitigating actions where necessary.

Protected Characteristic: <b>Age</b>				
What is the actual or potential impact on stakeholders?	Record of evidence to support or explain your conclusions on impact.			What further action or mitigation is required?
Enhanced leisure provision via the new build of leisure centres is positive to all. This could be particularly beneficial in terms of age (younger and young working age families).  As a public provider of leisure services, provision can be tailored to meet the needs of particular groups and this is potentially beneficial for all age groups, in particular younger	<b>Age group</b>	<b>Number</b>	<b>Percentage</b>	Explore ways of mitigating construction disruption at Bishop Auckland site through the further development of construction proposals for this site and through engagement with the current users and wider community including focussed engagement
	0-15	7418	22%	
	16-24	5225	16%	
	25-34	5193	16%	
	35-44	4438	14%	
	45-54	4131	13%	
	55+	5751	17%	
	Undisclosed	562	2%	
<b>Total</b>	<b>32718</b>	<b>100%</b>		
Table: Age profile of current customers				
Initial scoping suggests service disruption at Bishop Auckland may be able to be kept to a minimum, although some disruption will still likely occur.				

<p>(under 25 years) and older age groups where choice in the private sector is less accessible or tailored to need.</p> <p>There could be some impact during the construction phase at Bishop Auckland now that this is proposed for the existing leisure centre site at Woodhouse close. This could potentially impact all users, but could have a disproportionate negative affect for different age groups who may or may not be able to travel to alternate provision.</p>		<p>across different age groups.</p>
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Protected Characteristic: <b>Disability</b>		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
<p>Enhanced leisure provision via the new build of leisure centres is positive to all. New builds will meet higher accessibility standards which is positive for disabled people. As a public provider of leisure services, provision can be tailored to meet the needs of particular groups and this is potentially beneficial in terms of disability.</p> <p>There could be some impact during the construction phase at Bishop Auckland now that this is proposed for the existing leisure centre site at Woodhouse close.</p>	<p>Initial scoping suggests service disruption at Bishop Auckland may be able to be kept to a minimum, although some disruption will still likely occur.</p>	<p>Explore ways of mitigating construction disruption at Bishop Auckland site through the further development of construction proposals for this site and through engagement with the current users and wider community, including focussed engagement with disability groups.</p>

<p>This could potentially impact all users, but could have a disproportionate negative affect for disabled people who may or may not be able to travel to alternate provision.</p>		<p>Reasonable adjustments for disabled customers and staff will be considered where necessary.</p>
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Protected Characteristic: <b>Marriage and civil partnership (workplace only)</b>		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?

Protected Characteristic: <b>Pregnancy and maternity</b>		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
<p>There could be some impact during the construction phase at Bishop Auckland now that this is proposed for the existing leisure centre site at Woodhouse close. This could potentially impact all users, but could have a disproportionate negative affect in terms of pregnancy and maternity.</p>	<p>Initial scoping suggests service disruption at Bishop Auckland may be able to be kept to a minimum, although some disruption will still likely occur.</p>	<p>Explore ways of mitigating construction disruption at Bishop Auckland site through the further development of construction proposals for this site and through engagement with the current users and wider community.</p>

Protected Characteristic: <b>Race (ethnicity)</b>		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
<p>The original EIA noted that the land adjacent to the football club at Tindale Crescent, Bishop Auckland is currently used as a temporary stop over site for Gypsy, Roma, and Travellers (GRT). With the</p>	<p>Specific consultation took place with the South West Durham GRT (Gypsy, Roma and Traveller) forum and it noted there was no suitable alternative to replace the temporary stop over site at Tindale.</p>	

final decision to place the Bishop Auckland site at the existing leisure centre location (Woodhouse Close) the negative affect upon Race is no longer a consideration.		
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Protected Characteristic: <b>Religion or belief</b>		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?

Protected Characteristic: <b>Sex (gender)</b>		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?

Protected Characteristic: <b>Sexual orientation</b>		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?

Protected Characteristic: <b>Transgender</b>		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?

## Section Three: Conclusion and Review

### Summary

**Please provide a brief summary of your findings stating the main impacts, both positive and negative, across the protected characteristics.**



Positive.

- Improvements to the physical environment which will improve general access to the leisure centres and activities / services.
- The concept of inclusive design considers how all groups of people use a building and future proofs a building aiming to ensure building design is as inclusive as possible. Part M building reg will ensure a building meets minimum access standards such as inclusion of a changing place. Good practice design guidelines will be followed where possible e.g. Sport England and Swim England, to ensure enhanced accessibility.
- New builds will allow the chance to re-shape the activity / facility mix in a way that is less practical when refurbishing existing sites. Therefore, allowing greater flexibility to the range of services on offer.
- Accessibility audits, particularly for new build facilities will ensure the designs maximise the opportunity to promote accessibility.

Negative.

- There will be impact during construction phase due to the likely affect upon services. This potentially impacts all users but does appear to be manageable through a range of measures to be identified through the design development stage.

**Will this promote positive relationships between different communities? If so how?**

- Ongoing, proportionate, and suitable consultation and engagement will provide opportunities for feedback by all residents throughout the life of the programme.
- The formation of key focus groups will allow the sharing of feedback and input from a wide range of special interest areas.
- As work progresses there will be the chance to deliver walk-rounds and on-site sessions with key focus groups, which in itself is a chance to bring people into facilities and promote access and inclusion.

**Action Plan**

<b>Action</b>	<b>Responsibility</b>	<b>Timescales for implementation</b>	<b>In which plan will the action appear?</b>
Accessibility input into the designs for the new builds	S. Shaw	In-line with the development of the designs	The leisure transformation programme plan.
Further consultation and engagement cohorts across the programme	B. Kelsey	In-line with the development of the designs	The leisure transformation programme plan.
A further EIA alongside a report to cabinet in early 2022 updating on the further work required for the Seaham site and wider impacts of the changes proposed to the facility and activity mix.	B. Kelsey	Early 2022	The leisure transformation programme plan.

### **Review**

Are there any additional assessments that need to be undertaken? (Y/N)	N
When will this assessment be reviewed? Please also insert this date at the front of the template	January 2022

### **Sign Off**

Lead officer sign off: Programme Manager, leisure transformation	Date: 20 September 2021
Service equality representative sign off: Equality and Diversity Team Leader	Date: 20 September 2021

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