

**Environment and
Sustainable Communities
Overview and Scrutiny
Committee**

28th March 2022

Leisure Transformation



**Report of Amy Harhoff, Corporate Director Regeneration, Economy
& Growth**

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To provide members of the Environment and Sustainable Communities Overview and Scrutiny Committee (ESC OSC) with an update on leisure transformation programme and the planned stages of consultation.

Executive summary

- 2 As part of a three stage process of consultation set out to Cabinet in September 2021, the first phase of leisure conversations has been completed and the various outcomes noted. This progress now allows the programme to move ahead with final design work at Abbey LC, Peterlee LC, Spennymoor LC and Teesdale LC.
- 3 Many of the improvement projects will continue to develop with several starting in 2022/23.

Recommendations

- 4 Members of Environment and Sustainable Communities Overview and Scrutiny Committee are asked to note this update and overall progress on the programme.

Background

- 5 Three key decision reports have been presented to Cabinet on the leisure centre transformation programme:

- i. January 2020, set out the original strategic context and initial proposals for the programme;
 - ii. March 2021, covered the initial site selection proposals for the new build leisure centres and;
 - iii. September 2021 set out the due diligence work undertaken on the new build site selection and provided an overview of the overall programme.
- 6 It is proposed that a third report will be presented to Cabinet early in 2022, setting out the further work which has been undertaken on the Seaham site locations and what options are available. This report will also cover a wider and more comprehensive update on the timeline, programme deliverable and finances.
- 7 Members of the Environment and Sustainable Communities Overview and Scrutiny Committee received a report in March 2021 outlining development of the leisure centre transformation programme and the emerging impact of Covid-19. The committee received a further report in October 2021, setting out the plans for consultation and the key details relating to the first leisure conversation phase.
- 8 A three-stage process of consultation and engagement was set out in the September 2021 Cabinet report. The first leisure conversation (covering; Abbey LC, Spennymoor LC, Teesdale LC and Peterlee LC) phase took place between the 20th of October 2021 and the 15th of November 2021. During the 4-week consultation period a considerable range of engagement methods were used to seek the views of residents and key specialist groups.
- 9 The first conversation phase also captured feedback from members of the ESC OSC via formal written response and was fed into the body of information collated from the overall conversation period.
- 10 Overall, the first cohort of conversations received a good response across a range of engagement channels. Almost forty-five thousand people visited the consultation website or engaged with the council's social media channels. The programme team lead several different engagement opportunities, with more than 300 customers, residents and visitors discussing the proposals through in-site face to face sessions at leisure venues and via a range of special interest sessions and customer focus groups. Although the digital engagement survey attracted a relatively small number of respondents (421), this was still very useful and is in no way a reflection of the digital engagement approach, given the numbers who interacted with the web and social media information.
- 11 Overall, the response to the digital survey and the responses across the other engagement channels suggest an overriding positivity towards the

planned investments. The feedback received suggests that each project should proceed as planned, where there is feedback noting any minor points, this will be considered in the final stages of design work. Those users & clubs directly affected by the proposals will continue to be engaged and where appropriate mitigating arrangements will be explored further.

- 12 The second phase of leisure conversations (covering; Louisa Centre in Stanley, Riverside in Chester-Le-Street, Meadowfield LC and Newton Aycliffe LC) will commence later in March

Programme Overview

- 13 It is forecast that several improvements, except for Shildon, Wolsingham and Freemans Quay, can commence in 2022/23. 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.
- 14 Work has continued across the new build and refurbishment projects and the current works planned for each facility are outlined below. This is still being developed and will be further refined as the schemes continue to be designed as well as factoring in contributions from consultation and engagement activities.

| Spennymoor | |
|---|--|
| Cohort 1 Leisure Conversation complete | |
| <ul style="list-style-type: none"> • Relocate the main reception to the centre of the building, creating a better / closer link to the town centre and high street • Improve the walkway / route from the main car park to the new entrance • Co-locate the library into the leisure centre as well as a staff work area and community space • Utilise the area where reception is currently located to expand and improve on the leisure offer by installing a soft play area • Install Café provision • Improve and add to the water play features offered by the leisure pool (sprays and fountains and interactive sensory wall) • Using the opportunity to resolve various capitalised maintenance issues and to improve environmental sustainability | |
| <u>Cohort 1 Leisure Conversation Outcomes</u> | |
| <ul style="list-style-type: none"> • The proposals will proceed broadly as planned and introduce the changes to the activity and facility offer. • Lots of positive comments were received about the family focus of the venue and the new activity and facility proposals. But this also | |

| | |
|--|--|
| Spennymoor | |
| Cohort 1 Leisure Conversation complete | |
| <p>highlighted the need to ensure the new offer was supported by the right ancillaries, such as baby changing, buggy parks etc. Therefore, the designs are being reviewed to consider the inclusion of such things to support the overall offer.</p> <ul style="list-style-type: none"> • There were many comments about the plans for the activity programme and now that the facilities and activities have been confirmed, work can commence on programme reviews, which will be shared with customers and residents as it develops. | |

| | |
|---|--|
| Teesdale | |
| Cohort 1 Leisure Conversation complete | |
| <ul style="list-style-type: none"> • New reception area and reception desk • Existing pool changing to be converted into a modern changing village • Installation of a Wellbeing offer (centred around toning) • Essential maintenance issues and improvements / modernisation to the customer environment • Upgrades to pool plant to modernise the facilities behind the scenes and to improve pool water quality standards <p><u>Cohort 1 Leisure Conversation Outcomes</u></p> <ul style="list-style-type: none"> • The proposals will proceed broadly as planned and introduce the changes to the activity and facility offer. • Comments were received in relation to the proposed new changing village for the pool, and consideration will be given to include more private areas and facilities as well as how best to integrate the pool and dry changing rooms. • There were many comments about the plans for the activity programme and now that the facilities and activities have been confirmed, work can commence on programme reviews, which will be shared with customers and residents as it develops. | |

| | |
|---|--|
| Abbey | |
| Cohort 1 Leisure Conversation complete | |
| <ul style="list-style-type: none"> • Concentrating on improving and locating the fitness offer to the first floor to overall modernise and improve the gym facilities. | |

Abbey

Cohort 1 Leisure Conversation complete

- Install a large-scale play centre in the main hall, utilising soft play for 0-5 years as well as more adventure focussed activities for older children and young adults that maximise physical activity and fun through play.
- Installation of a Wellbeing offer (centred around toning) to expand the health benefits and commercial opportunity at the site
- Improve the group exercise spaces to allow for the development of a new and broader programme of activity
- Alterations to the site to reflect the new mix of facilities such as improvements to changing rooms and provision of suitable toilet facilities
- Install Café & Catering offer

Cohort 1 Leisure Conversation Outcomes

- The proposals will proceed broadly as planned and introduce the changes to the activity and facility offer
- The changing rooms were noted in numerous responses and so the project will consider refurbishing these spaces to improve them and ensure that they work well alongside the new offer.
- The provision of Sauna and Steam was a theme within the responses and although marginal, it has been decided to include a sauna facility.
- There were many comments about the plans for the activity programme and now that the facilities and activities have been confirmed, work can commence on programme reviews, which will be shared with customers and residents as it develops.
- A number of clubs and key users provided comments on the impact of the changes to them, officers will be in touch with each club and user group to continue discussions on how we can best manage the changes.

Peterlee

Cohort 1 Leisure Conversation complete

- Relocate the fitness suite and improve the overall offer
- Create a “destination” venue, which is based around soft play, adventure play and tenpin bowling
- Improve the group exercise spaces
- Install a catering offer

| | |
|--|--|
| Peterlee | |
| Cohort 1 Leisure Conversation complete | |
| <p><u>Cohort 1 Leisure Conversation Outcomes</u></p> <ul style="list-style-type: none"> • The proposals will proceed broadly as planned and introduce the changes to the activity and facility offer. • There were many comments about the plans for the activity programme and now that the facilities and activities have been confirmed, work can commence on programme reviews, which will be shared with customers and residents as it develops. • A number of clubs and key users provided comments on the impact of the changes to them, officers will be in touch with each club and user group to continue discussions on how we can best manage the changes. | |

| | |
|--|--|
| Riverside | |
| Proposals – Cohort 2 Leisure Conversation | |
| <ul style="list-style-type: none"> • Install 2 x new 3G pitches on the site • Resurface of the existing 3G pitch • Essential works to the athletics track and ancillary facilities to return it to the required standard to meet club and community needs • Improvements to floodlighting • Refurbish the changing rooms in the pavilion <p>The works planned for the summer this year focus on the outdoor facilities only, other works, including the indoor areas will come in early 2023.</p> | |

| | |
|---|--|
| Louisa Centre | |
| Proposals – Cohort 2 Leisure Conversation | |
| <ul style="list-style-type: none"> • Install a large-scale play centre, utilising soft play for 0-5 years as well as more adventure focussed activities (TAG Active / Clip & Climb) within half the sports hall for older children and young adults, which together will maximise physical activity and fun through play. • Installation of a Wellbeing offer (centred around toning) to expand the health benefits and commercial opportunity at the site and in that area • Install Café / catering offer to support the junior play and adventure play activities • Expansion and improvement of group exercise spaces | |

| | |
|--|--|
| Meadowfield | |
| Proposals – Cohort 2 Leisure Conversation | |
| <ul style="list-style-type: none"> • 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 • Concentrating on the improvement of the fitness offer through the transformation of the sports hall into a gym and functional exercise area • Essential maintenance works to changing and toilets | |

15 Newton Aycliffe and Consett are both projects which are focussed upon addressing key maintenance issues and refurbishing targeted facilities. Consett is concerned with addressing the latent build defects with the pool and Newton Aycliffe, which has already benefitted from significant transformation due to the colocation of the library, is focussed on refurbishment of certain changing rooms and toilet areas.

16 In addition to maintenance works, Newton Aycliffe and Consett will both see changes and updates to the activity programming and services offered.

17 All sites will, in addition to changes to their activity and facility mix also receive a comprehensive programme review.

18 The below table covers the proposed facility mix for the new build leisure venues, although due to the early stage of design it requires further review to confirm the exact nature of each of the facilities at each site. Planning is also underway to prepare for consultation on the new build facility mix, although this is subject to sufficient design progress, to ensure there are suitable plans and resources to share.

| | |
|--|--|
| New Builds – facility mix core principles | |
| Proposals | |
| <ul style="list-style-type: none"> • Swimming Pools • Children’s play • Fitness Suite • Group Exercise Studios • Food & Beverage offer • Outdoor areas / space | |

19 At this stage the exact timeline for each project is still being finalised and this is not usually available until later in the design process when

key contractors have been engaged to ascertain supply chain and sub-contractor availability and capacity.

- 20 The below table sets out the high-level roadmap for delivery of consultation and engagement, through to project delivery, however, it is subject to a number of influencers and is therefore a best estimate at this current time.

| Activity | Date |
|---|----------------|
| Cohort 1 Leisure Conversation (Abbey, Peterlee, Spennymoor & Teesdale) - COMPLETE | Oct – Nov 2021 |
| Cohort 2 Leisure Conversation (Newton Aycliffe, Meadowfield, Louisa & Riverside) – SCHEDULED | Mar – Apr 2022 |

Finance

- 21 The council has taken a prudent approach within the cost envelope and has applied a degree of contingency and risk to each of the schemes. Many have been costed within the upper quartile of anticipated costs, based on BCIS rates. These prudent measures should allow for a degree of change within the overall cost envelope and allow for some degree of risk to be managed.
- 22 Although the cost plans to date have been carefully considered, given the volatile nature of the current market, the project team have commissioned our designers to re-qualify budgets.
- 23 Key construction indicators from a number of sources are reporting price increases year on year between August 2020 and August 2021, in a range of 16% - 23%.
- 24 Ensuring a focus on low carbon and delivering a path to Net Zero, has also added further additional cost considerations. The average net affect of such measures on projects is circa 18%.
- 25 VAT continues to be a key consideration for the programme and officers are working to assess how expenditure on the leisure transformation programme, key maintenance activities and decarbonisation priorities can be managed within the councils 5% partial exemption position.
- 26 Many other factors are also key considerations;
- High levels of demand.
 - Cost of labour.

- Availability of professional services.
- Availability of materials (potential for delays).
- Contractors will not fix price bringing increased uncertainty.

Procurement

- 27 The finalised procurement approach will progress the programme in a timely and expeditious manner. Utilising a blended solution, with the new build projects and refurbishments at Abbey, Louisa and Peterlee being delivered by Alliance Leisure, a specialist leisure development partner; at this time the other projects are being designed and delivered by the in-house design and build teams.

Expected Benefits

- 28 The overall delivery of the leisure transformation programme is expected to support a range of the council's overall plans and strategies with the key specific benefits noted below;

| |
|--|
| • An Increased social value and a considerable social return on investment |
| • Increased levels of physical activity and an emphasis on key groups |
| • Improving the physical, mental and social wellbeing of residents |
| • Contributing towards the regeneration of our towns and villages |
| • Supporting recovery from the pandemic with investment in County Durham |
| • Creating places, spaces and experiences for residents and visitors of the county |
| • Supporting the delivery of the council's climate emergency response plan |
| • Assisting towards the council's carbon reduction targets |
| • Achieving BREEAM accreditation for our new leisure centres |
| • Reduced maintenance and condition liability |
| • Reduced subsidy for the leisure services |
| • Improved performance across a range of key performance indicators |
| • Provide facilities which meet rising customer expectations |

Consultation & Engagement

- 29 The transformation proposals vary in scale; from new builds and extensive refurbishments, to more light touch, but still transformative, projects. The approach to engagement will continue to be proportionate to the level of changes being put forward for consideration.
- 30 Construction of a new leisure centre is a significant issue for any community, so a formal consultation process (across a 6-week period)

will be carried out around the development of the projects for these new venues.

- 31 The level of change across the refurbishment projects is relatively minimal. Consequently, a leisure conversation engagement approach (across a 4-week period) is being taken whereby customers and residents will be able to participate in a shorter programme of 'conversation' activities to create a dialogue and inform facility mix plans.
- 32 Consultation and conversation activity will happen in phased cohorts to correspond with the development stages of the individual projects. Only projects ready for consultation will be brought forward in each cohort.
- 33 The same approach will be taken for each cohort to develop and maintain a constant dialogue with various users and special interest groups. The following activities will be delivered as part of each stage:
 - Engage with elected Members/MPs
 - Engage with sector and sports bodies
 - Engage with existing customers and members (via email, directing them to the website)
 - Staff - Briefing notes & workshops (face-face and Microsoft Teams sessions for staff unable to attend in person)
 - Targeted and specific communications with those affected user groups/clubs
 - Engage with key Specialist Interest Groups:
 - Disabilities (DCC Disabilities Forum)
 - Older People (Both an existing customer and external reference group)
 - Young People (young person led engagement programme via youth parliament)
 - Families (Existing focused customer forum)
 - Website/ FAQ's / Online Survey
 - On-site face to face sessions delivered in each venue and varied at different times of the day.
 - Communications through Social Media/Apps/Digital Screens/Press
 - Comms Activities undertaken throughout to support and promote the conversation
- 34 The above approach will ensure a sufficient breadth of engagement activities and will be both proportional to the changes and reasonable in terms of duration and content to support the phasing of the capital programme.

Conclusion

- 35 Overall, the leisure centre transformation programme is progressing and is still set to broadly deliver upon the initial plans and proposals, subject to further phases of leisure conversation and formal consultation. The programme is still working to the original budget envelope and despite challenges in this regard the programme team are taking care to manage this closely.

Background papers

- Cabinet reports –
- January 2020
<https://democracy.durham.gov.uk/documents/s117604/1%20Leisure%20Centre%20Transformation%20Part%20A%20002.pdf>
- March 2021
<https://democracy.durham.gov.uk/documents/s133573/Leisure%20%20Cover%20Transformation.pdf>
- September 2021
<https://democracy.durham.gov.uk/documents/s144918/Leisure%20Transformation%20report.pdf>

Contact:

Alison Clark

Head of Culture, Sport & Tourism

Alison.clark@durham.gov.uk

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 recreational facilities.

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 council has set a £78 million pound budget for the programme and must also manage the expenditure on leisure in relation to the VAT position noted in the above legal implications section.

Consultation

Consultation has been completed in a number of ways through the programme; through formal consultation on the new build site selection and supported by an activity and facility mix consultation exercise in December 2020.

The programme is now focussing on a range of consultation and engagement activities through both formal consultation and several leisure conversation phases centred upon site specific proposals.

Equality and Diversity / Public Sector Equality Duty

The programme will have a positive impact on the Council's equality duty. An equality impact assessment (EIA) was conducted as part of the cabinet report in March 2021, regarding site selection preferences. This identified 3 key areas of focus, including young people, older people, and disabled people. Using the insight from this initial EIA the ongoing engagement activities will include dialogue with key special interest focus groups to ensure that sufficient feedback is included in the designs as they progress.

Human Rights

Not applicable

Climate Change

The Leisure Centre Transformation Programme should provide a contribution towards corporate carbon reduction targets of the Council's Climate Emergency Response Plan.

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

Although not directly detailed in this report, the leisure transformation programme will of course have an impact upon council buildings, namely the leisure centre venues. However there is the possibility that with possible opportunities for colocation and shared services, that this programme may have a broader impact overall.

Risk

There are a number of programme level risks identified as there are with any significant programme of this nature. These are being managed through the programme and individual project governance mechanisms.

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.