

## Wiltshire Council

### Cabinet

27 July 2010

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**Subject:** Review of Indoor Leisure Facilities – replacement, refurbishment and devolvement programme

**Cabinet Member:** Councillor Stuart Wheeler – Leisure, Sport and Culture

**Key Decision:** Yes

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#### Executive summary

This report reviews the strategic need for leisure facilities in Wiltshire. It provides indicative proposals that would enable the Council to deliver a sustainable, cost effective, high quality leisure facility service for the foreseeable future.

Consideration has been given to the potential devolvement of suitable facilities to local communities as part of the Council's aspirations around devolvement of services and transfer of assets.

The proposals are an intrinsic part of the Workplace Transformation Programme and fundamental to the delivery of Campuses in key strategic locations.

#### Proposals

That Cabinet:

1. Approves an indicative replacement, refurbishment and devolvement programme (**Appendix A**).
2. Approves the facility provision standards (**Appendix B**) and specification of multi-purpose indoor leisure facilities. This will be subject of a three month consultation period between August 2010 and October 2010.
3. Approves the principle that tier 3 facilities are devolved (including freehold where appropriate) to local communities and authorises Officers to develop an approach to enable this to happen within the next 5 years.
4. Recognise and agree the principle of budgetary provision required for the replacement, refurbishment and devolvement programme for 25 years (**Appendix C**) from the financial year 2011/12 onwards which will need to be reflected in the Medium Term Financial Plan for future revenue budgets and also considered and

approved by Full Council to amend the capital programme.

5. Approves the approach to communications (**Appendix D**) and authorises the Director for Neighbourhood Services in consultation with the Cabinet Member for Leisure, Sport and Culture to make the necessary arrangements for the consultation process.

### **Reason for proposals:**

The current indoor leisure facility stock that the Council inherited as a result of local government re-organisation is outdated, inefficient and unsustainable. The Council would need to invest over £93 million in the next 25 years, with an annual revenue cost of £3.1 million, to simply hold the facilities at the current standards (**Appendix E**). This would not include facility enhancements or developments.

This paper sets out proposals to implement a replacement, refurbishment and devolvement programme which requires a capital investment of £117 million in the next 25 years. This would have an annual revenue cost of £4.9 million and would:

1. Create three new facilities as part of wider Campus developments.
2. Significantly enhance two further facilities.
3. Undertake planned maintenance investment in the remaining facilities.
4. Devolve local leisure facilities to local communities.

The Council would ultimately be responsible for fewer, more efficient and strategically placed facilities some of which would form a key component of a campus facility. They would provide high quality multi-functional service to all sectors of the community.

It is intended that the larger facilities which form the replacement, refurbishment and devolvement programme will be a component of campus facilities. We expect campuses to deliver capital and revenue savings (*not noted in this report*) as they would be shared facilities with other services and partners.

The Council may expect an increase in the numbers of users of the Council facilities. This will directly contribute towards the Council's objective of encouraging more people to become more active, more often.

**Mark Boden**  
**Corporate Director of Neighbourhood and Planning**

## **Wiltshire Council**

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### **Purpose of report**

1. Seek the Cabinet's approval to commit to allocating the financial resources required to carry out a major replacement, refurbishment and devolvement programme.

### **Background**

2. Wiltshire Council financially contributes towards 23 leisure facilities which offer varying levels of service due to various factors, such as age, condition, design and range of facilities.
3. In November 2009 the Council resolved to carry out a review of the facilities and develop a Leisure Facilities Strategy to include a replacement, refurbishment and devolvement programme.
4. The replacement, refurbishment and devolvement programme provides a plan for future development over the next 25 years, detailing the background audit work, facility provision standards and the preferred options for the existing facilities.
5. The leisure facility service is performing well with Wiltshire being in the top quartile for NI8 (adult participation in sport) and consistently increasing attendance figures at the Council's leisure centres.
6. Provision of high quality, strategically placed facilities will make a significant contribution to achieving the objectives set out in the Corporate Plan (2010–2014) and relevant objectives in the Local Agreement for Wiltshire.
7. Sport England is supporting the Council's review of indoor leisure provision through direct involvement from their staff and use of their diagnostic strategic planning tools.

### **Main Considerations for the Council**

8. The main considerations for the Council are to:

- (i) Approve the facility provision standards
  - (ii) Determine the preferred high-level replacement, refurbishment and devolvement programme.
  - (iii) Agree the principle that tier 3 facilities are devolved to local communities.
  - (iv) Make adequate budgetary provision to deliver the above.
9. However, in order to do this the Cabinet will need to understand the information provided in the following sections of this report.

### **Findings of audit work**

10. There are two key areas of audit work which have resulted in the development of the proposals outlined in this report;
- (i) The conditions survey/facility lifecycle costing study.
  - (ii) The facilities planning model and scenario testing commissioned by Sport England on the Council's behalf.
11. The key messages and headline findings from the audit work are as follows:
- (i) The audit has identified that the Council is responsible for an ageing facility stock which is inefficient and unsustainable. Significant investment is required to simply maintain the facilities at the current standard in terms of the fabric of the buildings without any investment in equipment. Therefore investing in fewer, higher quality facilities that are strategically placed and sustainable is a more efficient use of resources in the long term.
  - (ii) The current indoor leisure facilities require a minimum of £93 million capital investment over the next 25 years to simply maintain current service levels, undertake a significant backlog of maintenance work and meet health and safety requirements. This equates to an average annual revenue cost of £3 million per year. This does not include enhancements to the service offered and the majority of work would not be evident to users of the facilities.
  - (iii) Due to the age and condition of the current stock there are high risks to the Council relating to Health and Safety and Business Continuity if the Council does not invest in the facilities. As an example, Christie Miller Sports Centre in Melksham requires capital investment of £5.9 million for essential repairs in the next 4 years. At least four other facilities require approximately £1 million per site over the next 4 years.
  - (iv) To simply maintain the existing stock at a cost of £93 million is not an option due to the variety of risks and implications of operating ageing buildings. The investment in a planned maintenance programme without service improvement is an inefficient use of resources.
  - (v) The proposals in this report would require a minimum of £117 million of capital investment between 2010 and 2035. This equates to an average

annual revenue cost of £5 million per year. The additional investment will create three new facilities, three significantly enhanced facilities and a fit for purpose and efficient stock of Council retained facilities as part of wider campus proposals that will provide a sustainable future platform for enhanced service delivery.

- (vi) In strategic planning terms, the present number and types of facilities will be operating at capacity in the medium term. The proposals in this report will create the capacity for the facilities to cater for significantly more visits.
- (vii) It is anticipated that the Council will meet between 94% and 95% of demand in terms of travel time to facilities. However, in a large rural county there will always be unmet demand. In Wiltshire this is most related to residents who do not live within walking distance of a facility and do not have access to a car. The anticipated unmet demand in this respect will only equate to between 5% and 6% of the total population.
- (viii) Devolvement of non-strategic facilities that primarily cater for the immediate community supports the Council's ambition to transfer assets to empower and strengthen local communities.
- (ix) The transfer of such non-strategic facilities will also provide local communities with the opportunity to generate external funding that would not be available to the Council whilst providing a more accessible and responsive base from which to deliver local services.
- (x) The methodology employed is compliant with 'PPG17: open space and recreation'

## Facility Standards

- 12. The audit work has enabled the Council to determine a set of facility provision standards for multipurpose indoor leisure facilities **Appendix B**.
- 13. The proposals set out below complement the standards although it should be recognised that the Council will not achieve the standards unless the replacement, refurbishment and devolvement programme is carried out. See **Appendix A** for further information.
- 14. The facility provision standards provide the policy infrastructure and capacity to meet the market need for key indoor sporting and recreational facilities and activities in Wiltshire. They provide a focus for development and priority areas and they set out specific objectives for raising service quality to be built into service plans.

## The Proposals

The proposals are predicated on the basis that:

- 15. The Council should be responsible for multi-purpose strategic facilities that cater for the majority of Wiltshire's community along with the potential to cater for regional sporting requirements.

16. The hierarchy of provision has been developed which is indicated below:
  - (i) Tier 1 - Strategic: large sites with extensive multi-purpose character and activity specialisms, situated in larger towns with a catchment encompassing a large percentage of the population.
  - (ii) Tier 2 - Community: medium sized sites with a multi-purpose character situated in towns across the county ensuring sufficient strategic coverage.
  - (iii) Tier 3 - Local: small local sites offering facilities and activities for the immediate community.
17. The Council should provide facilities in tiers 1 and 2. These facilities should be subject to an extensive replacement and refurbishment programme. **Appendix A.**
18. Facilities in tier 3 should be devolved to the community within the next 5 years. The Council will support this devolvement programme through the allocation of a ring fenced capital fund. Additional support will be offered in the form of help, assistance and advice given to those community groups wishing to progress a community transfer. Any devolution to the community will be on the basis that the freehold of the facility will be transferred to the transferee where appropriate.
19. In addition to satisfy the Council's approved process for transferring community assets the Council will need to be confident that the arrangements are financially sustainable and viable prior to transferring facilities.

### **Workplace Transformation Programme**

20. The preferred replacement, refurbishment and devolvement programme will necessitate the location of at least three Leisure Centres (Trowbridge, Melksham and Warminster) within Campus facilities. The Campus facilities will be delivered as part of the wider Workplace Transformation Programme, which will enable the Council to deliver integrated services from those locations.
21. The Scrutiny process for these proposals will be considered by the established Workplace Transformation Scrutiny Task Group. It is proposed that this paper will be discussed at the next meeting of the group.

### **Environmental impact of the proposal**

22. The replacement, refurbishment and devolvement programme will provide the means for the Council to significantly reduce the carbon emissions attributed to the indoor leisure facilities. They currently account for 21% of the Council's total carbon emissions. This reduction will occur due to the principle of devolving tier 3 facilities and the high construction and quality standards that will be applied to the new build and refurbished facilities.
23. Measures will be taken to mitigate against wider environmental risks at all the tier 1 and 2 facilities through an extensive climate change adaptation project. This will include the installation of relevant plant and equipment through the

planned maintenance programme and standardising the approach across the sites to issues which have a potential impact on the environment.

23. The replacement, refurbishment and devolvement programme will be an integral part of any risk management programme for climate change adaptations and the service will engage with the processes to identify weaknesses and improve existing provision.

### Equalities impact of the proposal

24. An equality impact assessment (EIA) has been completed which demonstrates that the proposals promote equality of opportunity in terms of the replacement and refurbishment elements as the changes will mean improved, fully accessible leisure facilities for all sections of the community.
25. The assessment identified that devolvement plans to community groups may have an adverse impact due to perceived concerns regarding lower standards of provision. This will be addressed through the standards of provision guidance. In addition, all sectors of the local communities will be empowered to manage their own facilities ensuring local need is met. The EIA action plan details how this can be done effectively by appropriate and targeted consultation on the standards of provision with different communities/groups.

### Risk assessment

26. **Table 1** highlights the headline risks and proposed management of those risks associated with the proposals in this report.

| <b>Risks of not carrying out proposals</b>   |   |
|--|---|
| <ul style="list-style-type: none"> <li>• Much of the current stock is low quality, inefficient and not fit for purpose</li> <li>• facilities will be at capacity in the medium term future</li> <li>• unsustainable buildings in environmental terms and continued high carbon emissions figures</li> <li>• Inability to maintain business continuity if service improvements are not undertaken</li> <li>• negative impact on participation rates</li> <li>• planned maintenance non-visible to users at significant cost and disruption to service</li> <li>• drop in levels of Customer Satisfaction</li> </ul> |   |
| <b>Risks of proposals</b>  | <b>Mitigation of risks</b>  |
| <ul style="list-style-type: none"> <li>• significant financial investment with long term financial commitments</li> <li>• Increase in capital costs due to un-costed items such as land acquisition, unforeseen abnormals, demolition, removal costs</li> <li>• potential loss of capital receipts</li> </ul>  | <ul style="list-style-type: none"> <li>• Prudent budgetary management</li> <li>• Verification of capital costs including contingency considerations endorsed by a third party</li> <li>• Council to consider council owned land for new developments which can</li> </ul> |

|  |   |
|--|---|
| <ul style="list-style-type: none"> <li>• costs relating to potential campus sites relate to the leisure aspect only</li> <li>• demolition and removal costs</li> <li>• community management not secured</li> </ul> | <p>mitigate against loss of potential capital receipts</p> <ul style="list-style-type: none"> <li>• wider campus costs allocated within Workplace Transformation Programme</li> <li>• acknowledgement that demolition and removal costs are not included and the council may be required to further resource the programme outlined in this paper</li> <li>• the Council to work closely with any parties coming forward with devolvement proposals, to undertake a thorough analysis of the administrative options for all options and to invest in exit strategies to ensure facilities and new providers are set to succeed</li> </ul> |
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### Financial implications

27. The current indoor leisure facilities require a minimum of £93 million capital investment over the next 25 years to simply maintain current service levels, undertake a significant backlog of maintenance work and meet health and safety requirements. The replacement, refurbishment and devolvement programme will require a total capital expenditure of £117 million, which is broken down over three phases. Capital expenditure for phase 1 is £32 million, phase 2 £45 million, and phase 3 £18 million. Phase 4/5 is outside the leisure strategy and only relates to maintaining the condition of the new premises, at £22 million for the 10 years. These capital figures will need to be considered by full council for approval and to be added into the capital programme.
28. Over the life of the 5 year medium term financial plan (MTFP) the revenue cost of financing the capital investment will be £6 million. The first year will require an additional £200K, which rises to £2 million in the last year of the MTFP. Overall the revenue cost of financing the capital expenditure will equate to an average £4.9 million. The revenue cost of financing the capital expenditure will equate to an average £4.9 million per year against an average financing cost of £3.1 million per year just to maintain the existing stock.
29. Consideration should be made to the following:
- Provision for site acquisition costs has not been made.
  - Loss of capital receipts if new facilities are developed on council land.
  - A reasonable allowance for assumed site abnormalities has been made however this has not been based upon detailed analysis of an individual site.



- A reasonable allowance for assumed infrastructure costs has been made however this has not been based upon detailed analysis of an individual site.
  - No inflationary allowance has been made in any of the figures.
  - These costs do not include costs such as demolition works and removal costs.
  - The proposals for the new facilities have been based upon the assumption that they would be high quality and meet sustainability targets however this could be reviewed if necessary
  - To both simply maintain the existing stock or approve the preferred option includes £18 million which relates to reactive maintenance over a 25 year period. The Council does not currently allocate specific resources to cover ongoing reactive maintenance for its property stock. However, the Council is advised that it is prudent to identify total reactive maintenance costs at £18 million.
- 30 This report is specifically relates to the capital expenditure that will be incurred either through the adoption of the indicative replacement, refurbishment and development programme or to simply maintain the existing stock. The on going revenue costs for the operation and management of these sites is subject to a separate overall review and is therefore not considered in the context of this report. However, it is envisaged that this will lead to ongoing cashable revenue savings.
- 31 These proposals do not directly forecast annual revenue cost savings to the Council. However, it is considered that by aligning other Council services and those of public sector partners around these proposed leisure facilities to create "Service Campuses" opportunities will be available to share facilities amongst services, operate a more efficient Facilities Management model and reduce the Council's overall requirement for built facilities in each Community Area. The service campus programme is currently being developed within the Workplace Transformation Programme. The costs, impacts and associated savings and capital receipts generated as a result will be identified within a separate report to Cabinet. This programme should be considered to be an integral part of the wider campus programme which will deliver savings in both building and running costs incurred in delivering wider front-line services.
- 32 There are limited revenue costs required to support the delivery of the recommendations within this report. These will need to be built into future revenue budgets by the Council. These are £100k in 2011/2012 and 2012/2013 and £75K in 2013/2014 to enable the Work Place Transformation Programme to achieve the delivery of four campuses by end of 2014/15 as previously outlined to Cabinet.
- 33 It should be noted that committing to the total capital expenditure on either option will have a major impact on future capital programmes. The current capital programme has been approved and funded up to and including 2012/2013. In each financial year of the current programme there are circa £24 million of capital projects (excluding WTP which is internally self financing) that are financed by borrowing. The council will not be able to sustain future funding for these existing capital schemes that are reliant on borrowing beyond the approved current programme if the leisure proposal is approved.

- 34 Budgetary provision will be made to enable the proposals to meet and exceed sustainability targets and provide high quality, high specification facilities. The costings are maxima, they could be reduced however there would be consequential reductions in facility quality and or range of facilities

### **Legal implications**

- 35 The replacement, refurbishment and devolvement programme will be subject to various legislative provision and the legal risks to the Council will be minimised as the programme develops.

### **Options considered**

36. Six distinct options have been appraised in the determination of the proposals in this report:
- (i) Option 1 - the Council retains responsibility for all existing facilities (tiers 1, 2, 3) and undertakes the planned maintenance programme
  - (ii) Option 2 - the Council retains responsibility for all existing facilities (option 1) and undertakes the replacement and refurbishment programme
  - (iii) Option 3 - the Council retains responsibility for tier 1 and tier 2 facilities and undertakes planned maintenance programme
  - (iv) Option 4 - the Council retains responsibility for tier 1 and tier 2 facilities (option3) and undertakes the replacement and refurbishment programme
  - (v) Option 5: tier 3 facilities devolved and planned maintenance undertaken as part of exit strategy
  - (vi) Option 6: tier 3 facilities devolved (option 5) and improvements undertaken as part of exit strategy
37. The indicative replacement, refurbishment and devolvement programme in this report is option 4 plus a combination of options 5 and 6 which involve some planned maintenance and some improvement works.
38. Options 1 and 3 were discounted as they would not provide any service improvement and investment would be significant for minimal impact. Option 2 was discounted as the investment required is so significant that the revenue costs would be unaffordable.

### **Conclusions**

39. The preferred replacement, refurbishment and devolvement programme takes an invest to save approach enabling the Council to minimise its short, medium and long term risks.

40. The proposals contained in this report, endorsed by Sport England and the Amateur Swimming Association, will ensure increased participation levels at retained Council leisure facilities and contribute to nationally set targets relating to adult participation in sport and encourage participation in healthy activities.
41. The devolvement of non strategic facilities presents opportunities to empower and strengthen local communities.
42. The proposals give a clear message about the Council's commitment to providing high quality and efficient services.
43. The preferred replacement, refurbishment and devolvement programme will necessitate the location of three Leisure Centres (Trowbridge, Melksham and Warminster) within Campus facilities. The Campus facilities will be delivered as part of the wider Workplace Transformation Programme to enable the Council to deliver integrated services from those locations.

**Mark Boden**  
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**The following unpublished documents have been relied on in the preparation of this report:**

None

**Appendices:**

Appendix A: Indicative Facility Replacement, Refurbishment and Devolvement Timeline

Appendix B: Facility provision standards

Appendix C: Budgetary provision for the replacement, refurbishment and devolvement programme for 25 years

Appendix D: Communications strategy (to follow)

Appendix E: Budgetary provision to simply maintain the existing stock at the current standards