

EAST HERTS COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE – 13 JUNE 2017

THE LEISURE TASK AND FINISH GROUP

LEISURE FACILITIES STRATEGY PART 1: PROPOSED FUTURE DIRECTION OF TRAVEL FOR COUNCIL MANAGED LEISURE FACILITIES

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- To provide an overview of the proposed mix of leisure facilities to be provided by East Herts Council over the next 20 years.
- To outline the options considered by the Task and Finish Group and the criteria against which the options were assessed.
- To highlight the key areas of risk for the Council

<u>RECOMMENDATIONS FOR OVERVIEW and SCRUTINY COMMITTEE: That:</u>	
(A)	the Committee considers and offers its views on: <ul style="list-style-type: none">a. investment and development at Grange Paddocks and Hartham leisure centresb. investment and development at Ward Freman Poolc. the two options available for Fanshawe Pool and Gymd. continuing the operation of Leventhorpe Pool until a time becomes appropriate to consider an exit strategy with the School.
(B)	the Committee considers and offers its view on the Vision for Leisure Facilities in para 2.2 and 2.3 with a view to have these included in the Physical Activity Strategy;
(C)	Members' comments are forwarded to the Executive and Council for consideration; and
(D)	the Task and Finish Group is extended to support the development of the leisure service specification in relation to key service policy considerations such as concessionary pricing policy, health and well-being and community development.

1.0 Background

1.1 The Council's corporate strategic plan includes an action to 'Produce a leisure strategy to determine future direction and planning for the Council's two leisure centres and the three joint use swimming pools'. This sits within the core priority to: 'Improve the Health and Wellbeing of our communities'.

1.2 At its meeting in June 2016 the Community Scrutiny Committee received a report from the Leisure Task and Finish Group and concluded that the proposed direction of travel should be endorsed. In summary this is as follows:

1.2.1 **Stream 1 – Joint use Pools**

The development of an outline business case for the management and operation of the Joint Use Facilities or if this is not feasible, alternatives based on a rationalisation proposal

1.2.2 **Stream 2 - Hartham and Grange Paddocks Leisure Centres**

The development of an outline business case for the management and operation of the two Council owned sites based on:

- I. Capital costs
- II. Revenue impact
- III. Contract management arrangements
- IV. Contribution to Health and Wellbeing Objectives
- V. Risk assessment

1.2.3 **Stream 3 - Health and Wellbeing**

The development of initiatives through the new leisure management contract which enable the operation of leisure facilities to address key issues identified within the Council Health and Wellbeing Strategy.

1.3 The main issues identified in the report were as follows:

- a. Ageing facility stock
- b. Deteriorating facilities and capital investment requirements
- c. Increased population particularly in Bishop's Stortford
- d. Changing leisure trends resulting in demand for different activities and higher customer expectations
- e. Demand for existing activities to be delivered in different ways for example the increasing popularity of all-weather floodlit pitches
- f. Increased revenue support for ageing facilities and maintenance expenditure
- g. Joint Use facilities are subject to significant financial risk arising from the potential loss of Education Funding Agency (EFA) contribution

1.4 The key conclusion reached in June 2016 was that the option of continuing to operate the existing mix of facilities was unsustainable. In particular the Joint Use facilities are subject to significant financial risk arising from the potential

loss of Education Funding Agency (EFA) contribution. EFA funding covers the cost of the school's and County's contribution to the operation of the three Joint Use sites which amounts to 40% of total operating expenditure. In 2015 this amounted to £255,000. The difficulty for EHC is that the Council cannot let a long term Leisure Management contract for potentially 10+ years if the schools anticipate a withdrawal from the Joint Use Agreements. In these circumstances the Council would potentially face a very large claim for compensation from its contractors.

- 1.5 The District Council cannot absorb the schools 40% costs under the existing arrangements as the Council would effectively be funding education which could potentially be acting 'ultra vires' i.e. beyond its legal power and authority.
- 1.6 The facilities operated at Grange Paddocks (East of the District) and Hartham (West of the District) are owned by EHC and are therefore not exposed the financial risks associated with Joint Use sites. They do however require significant capital investment to reduce the deficit to the Council.
- 1.7 In July 2016 the Executive agreed to explore the future direction of travel for its leisure facilities and the joint use pools in preparation for the contract renewal for the operational management of the sites.

2.0 Report

Work streams 1 and 2

The Council has engaged leisure consultants, Max Associates to undertake a detailed appraisal of each facility and the options for each site. The brief included providing a business case that seeks to:

- Reduce the revenue costs of operating the leisure facilities
- Increase participation
- Contribute meaningfully to the Council's Health and Well-being agenda

- 2.1 In considering the future mix of leisure facilities across the Districts there are a number of variables to consider including:
 - Population Growth and Demographics
 - Demand and Supply
 - Review of Current Performance
 - Travel times

This report focusses on these key considerations to determine the future facility mix for the District. Due to the technical nature of this information a summary is provided below:

- The population of East Herts is projected to increase from 143,000 to 178,000 by 2039, with the biggest increase in the 60+ age group.
- A number of studies and assessments were used to determine the following findings:
 - There is a current and future oversupply of swimming pool provision in the District, however Bishop's Stortford as a catchment will require additional provision in the future

- There is a current oversupply of sport halls in the District however these are attached to educational or private sites which do not provide significant access for community use including casual use. As the biggest growth town, Bishop's Stortford will require a sports hall in the future to meet local need, however it is recognised that providing this directly as a Council may not be a viable option.
 - There is an urgent need for artificial (all weather) pitches across the District with further requirement for Bishop's Stortford.
 - There is demand (at varying levels) for more fitness and gym activity in all centres
 - Competitor analysis on alternative leisure provision such as Spa and trampolining suggested there could be scope to develop a climbing activity at Hartham.
- The current performance of the leisure centres was also reviewed and provided the following findings:
 - In Grange Paddocks and Hartham fitness income is greater than swimming
 - Hartham is the best performing site in relation to income fitness per station, suggesting there is further demand for this type of activity.
 - Swimming income is the greatest in Hartham followed by Grange Paddocks per m2 of water
 - Ward Freman is the least cost effective site in terms of staff and income ratio.
 - Grange paddocks has the greatest utility costs and repairs and maintenance due the condition of the building.
 - The overall ratio of income to expenditure is greatest at Hartham, this suggests Hartham is generating more income than what it expends.
 - An analysis of each site was also provided with the proposed facility mix.

Vision for Leisure Facilities

2.2 In order to provide the guiding principles for the proposed direction of travel it was important to work with a vision for leisure centres across East Herts. It is proposed that the vision is one of enabling everyone to have the opportunity to participate. The Council has a pivotal role in providing pay and play opportunities which traditionally are not provided through other sectors. In this context the suggested vision is as follows:

“The Council will provide attractive facilities available to the whole community which complement the wider provision of recreation opportunities in the community and voluntary sector. In addition, it will ensure that leisure facilities contribute fully to the health and wellbeing objectives of the Council.”

2.3 The aims of the Leisure Strategy are as follows:

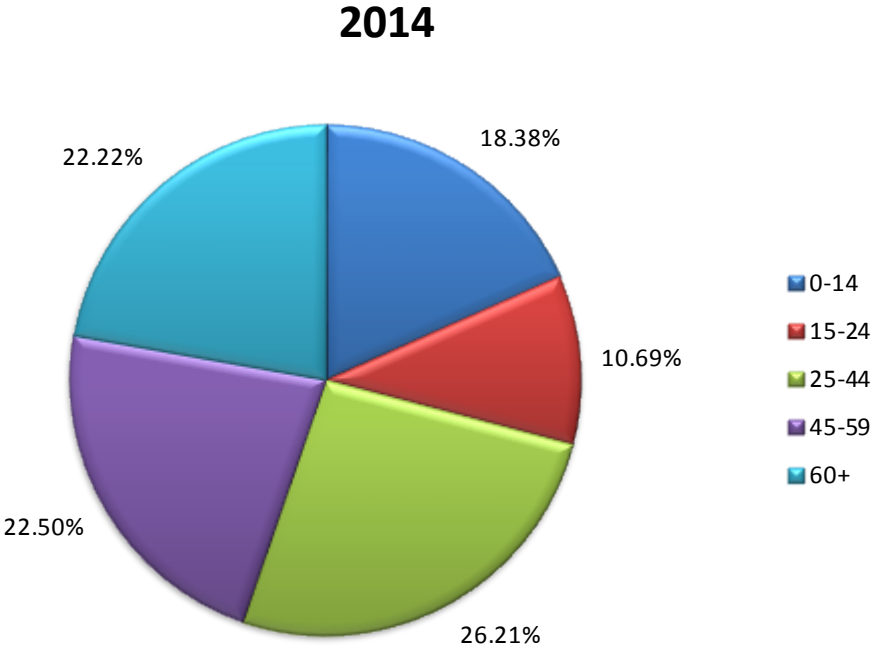
- a) To achieve closer integration with the objectives and processes of the health sector through a range of commissioning links. This will include for example electronic patient referral and delivery of specific programs where there is an identified health need such as weight reduction and mental health.

- b) To achieve closer integration with the voluntary sector, town and parish councils. The aim would be to close the gap between contract delivery and the work being carried out by the voluntary and community sector.
- c) To provide outreach programmes linking indoor leisure facilities to outdoor and community based activity, recognising the rural character of the district.
- d) To align leisure services delivery to the demographic trends and population growth recognising that the council imports and exports leisure demand to adjoining authorities.
- e) To reduce barriers to participation and improve customer satisfaction.

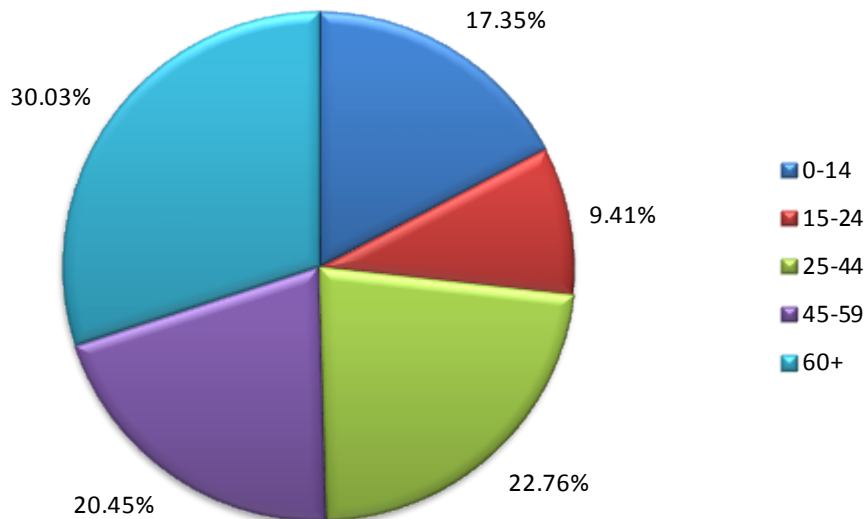
Population Growth and Demographics

2.4 The projected increase in population for East Herts is 34,483 up to 2039 from 143,000 to 178,000 with each age grouping showing an increase between 2k-5k, except for the 60+ which is showing an increase of 21k, increasing the share for this group from 8% increase from 22% to 30% by 2039. The charts below highlights the increase in each age group.

Chart 1. ONS 2014-based Subnational population projections by age group



2039



- 2.5 While the overall increase in population will add to the demand for sports facilities, the significant increase for the 60+ age group will impact the services considerably. While people are working for longer, the importance of keeping active (and healthy) is becoming more important to people as they retire or keep working as they get older.
- 2.6 The importance of swimming and fitness for older groups is demonstrated from the Sport England market segments, along with walking and cycling. Team sports are less attractive to these age groups.
- 2.7 Population growth coincides with housing development, a summary of Housing development across the District near to current leisure facilities operate can be found in Appendix A.
- 2.8 To better understand the immediate catchment for all five of the leisure centres consultants reviewed the Mosaic Reports for the local catchment within a few miles of each centres, reducing the catchment where there was an overlap to other facilities. A further review using a wider catchment of 30 minutes for both Grange Paddocks and Hartham was undertaken due to the nature of the leisure centres. The Mosaic reports categorises consumers into one of 66 types and 15 different groups. A summary of these groupings can be found in Appendix B

Leisure Demand and Supply

Swimming pool provision

- 2.9 The Sport England Facility Planning Model (SEFPM) undertaken in June 2016

identified 17 pools across 13 sites, with a total water space of 3522m². Once this has been scaled to show available hours in peak periods it equates to 2478.1m². To compare the capacity of the swimming pools with the demand the SEFPM converts the water space into 'visits per week in peak period' (VPWPP), which for East Herts the supply has been calculated at 21,485 VPWPP.

- 2.10 The demand for swimming pools, based on the existing population is 9,393 VPWPP.
- 2.11 The SEFPM suggests for a population of 144,822 there is a need for 1,559m² of water space, and with a supply of 2,478m², there is an oversupply of 919m². This does not include the imported and exported activity, which is a net position of 422m² of water space required.
- 2.12 This therefore suggests there is an oversupply of water space in East Herts for the current population of 497m², equivalent to a standard main pool and teaching pool.
- 2.13 Concurrent to this outline business case, the Council commissioned an Open Space and Sports Facility Assessment (OSSFA), which is looking in more detail at the requirements for pools across the district.
- 2.14 Whilst there is an oversupply of water, some pools are membership only and have restricted opening due to being on educational sites. Details of the additional pools on education sites (outside of East Herts control) are highlighted in Appendix C
- 2.15 An analysis of actual pool usage was undertaken and the report has concluded that the current oversupply, by area totals 288m² as detailed below:

- Bishop's Stortford area: 44m²
- Sawbridgeworth area: 73m²
- Hertford and Ware area: 106m²
- Buntingford area: 65m²

Future need for swimming pools

- 2.16 The Open Space and Sports Facility Assessment has calculated the increased number of dwellings (on the basis of the strategic sites set out in the draft District Plan) and applied a multiplier to estimate the likely additional residents. From this it assessed the increased demand for pools and offset it against the current oversupply, the table below sets out the summary of the volume of increased/decreased demand, in areas around current facilities. This suggests that additional swim pool provision is required in Bishop's Stortford and that there is still an oversupply in the other areas of East Herts.

Table1. Future pool facility requirements

Area	Future swimming facility requirements
Bishop's Stortford	+64m ²

Sawbridgeworth	-59m2
Gilston	+273m2
Hertford and Ware	-53m2
East of Welwyn Garden City	+37m2
East of Stevenage	+16m2
Buntingford	-35m2

Sports Halls

- 2.17 The Council has no sports halls within the two leisure centres it owns. All provision is with schools and privately managed centres. This is relatively unusual and means that decisions about investment into sports halls, opening times and access are out of the control of the Council. Educational sites, especially those that are now academies have different priorities from those of the Council. In addition, access to school sports halls for community use is limited as facilities are not always suitable for use by school children and public simultaneously (particularly during schools hours). This is due to safeguarding arrangements and quality of ancillary facilities.
- 2.18 The Sport England Facility Planning Model (SEFPM) undertaken in June 2016 identified 19 halls across 11 sites, with a total of 78.5 courts. Once this has been scaled to show available hours in peak periods it equates to 57.2. To compare the space available with the halls with the demand the SEFPM converts the hall space into 'visits per week in peak period' (VPWPP), which for East Herts the supply has been calculated at 15,617 VPWPP.
- 2.19 The demand for sports halls, based on the existing population is 8,742 VPWPP.
- 2.20 The SEFPM suggests for a population of 144,822 there is a need for 40.03 courts and with a supply of 57.2 courts, there is an oversupply of 17.17 courts. This does not include the imported and exported activity, which is a net position of an additional 5.22 courts required. This brings the suggested oversupply down to 11.95 courts.
- 2.21 This therefore suggests there is an oversupply of sports halls in East Herts for the current population.
- 2.22 The report states that the distribution of facilities is not ideal, leading to unmet demand in some areas. The areas of the authority with least good access to sports hall space at peak time are at Bishop's Stortford, Sawbridgeworth, and on the borders of Stevenage and Welwyn Hatfield. However, as the demand is wide spread, it would not be sustainable to directly provide sports hall to address this specific issue.
- 2.23 The East Herts Built Facility Assessment identifies that nine of the eleven sport halls are located on educational sites and while they are identified as having community access, in real terms this does have some restrictions for public access as shown in Appendix C

- 2.24 It is unlikely that there will be much investment into improving sports facilities from educational resources, which could impact community use continuing to use the educational sites.
- 2.25 The OSSFA has identified the increased sports hall requirement given the housing growth and the table below sets this out.

Table2. Future additional sports hall facility requirements

Area	Future additional sports hall requirements
Bishop’s Stortford	2.8 courts
Sawbridgeworth	0.3 courts
Gilston	7 courts
Hertford and Ware	1.4 courts
East of Welwyn Garden City	0.9 courts
East of Stevenage	0.4 courts
Buntingford	0.8 courts

- 2.26 The OSSFA notes that there are proposals for several new halls at existing secondary school sites, and there are also proposals for new secondary schools in some of the identified growth locations. New four court halls with some community use are currently proposed in Ware (Chauncy) - now built, Hertford (Richard Hale) and Bishop’s Stortford (Hertfordshire and Essex). These facilities could help to meet the future needs of the growing communities in these areas at weekends and in the weekday evenings, so long as the community use is assured during evenings and weekends and the hire policies of the schools support high levels of use. This may need to be via appropriate planning conditions, but also critical will be appropriate design to enable and support community use.

Artificial Pitches

- 2.27 Consultation with the consultants completing the OSSFA in relation to artificial pitches revealed the following summary in relation to the centres.
- 2.28 Overall need: There is an urgent need for more third generation/ '3G' pitch provision in the district. 3G synthetic grass sports pitches are extremely popular throughout the UK and are often used as an all-weather alternative to natural grass surfacing. Due to the advancement in technology, 3G grass surfaces can be used for competitive matches and ensure that games are no longer called off due to wet weather. They require less maintenance compared with real grass, and can be used much more frequently without becoming damaged. 3G sports pitches are a rubber granule filled carpet with a 40mm pile height. 2G pitches on the other hand, are sand-based astro-turf. These suit sports such as hockey but are less favourable for football though often used for training.
- 2.29 Based on the FA's guideline of one '3G' pitch per 42 teams, there should be 8.78 pitches in the district, compared with current provision of one full-sized (Wodson Park) and one 9v9 (Birchwood HS).

Therefore, provision of pitches at any of the facilities would be beneficial.

- 2.30 At Bishop's Stortford, there are currently 87 teams based there, which suggests a need for 2.07 pitches locally. However, there are several clubs considering the provision of new facilities.
- 2.31 The FA's highest regional facilities priority is to secure a fixed base for Bishop's Stortford Community FC. The club currently plays at several dispersed sites, several of which are poor quality. The club has ruled out Grange Paddocks as a suitable location. A possible solution would be anchor tenants with a long-term user agreement at a school site, possibly with a dedicated clubhouse, which would still serve their requirements.
- 2.32 Birchwood High School has an aspiration to provide a full-sized '3G' pitch at their detached playing field. At present, Bishop's Stortford Community FC makes almost exclusive use of the 9v9 '3G' pitch on the main school site outside of school hours.
- 2.33 Other school sites: The new secondary school at Bishop's Stortford North has a playing field allocation by the A120 and this could be explored as an alternative/supplementary option to Birchwood High School. Herts and Essex High School are seeking a 2G pitch on Beldham's Lane (more information provided in Part 2 of the leisure strategy report).
- 2.34 Grange Paddocks: To provide community access to an artificial pitch, provision at Grange Paddocks would be sensible. Providing a full-sized '3G' pitch would offer the greatest flexibility, because it can be subdivided for small-sided pitches when needed.
- 2.35 There is currently less need for sand filled pitches for hockey as Bishop's Stortford Hockey Club has achieved planning consent for a new AGP at the BS Sports Trust site at Cricketfield Lane and the project was initially awarded £500k by Sport England, although this has now 'timed out'. A hockey pitch is being investigated at Herts and Essex school, however substantial funding has yet to be allocated (more information in part 2 of the leisure strategy report).

Fitness

- 2.36 The Build Facilities Assessment included a review of fitness, however consultants have commissioned a more commercial assessment of latent demand for fitness. This is due to the impact that fitness facilities have on the income able to be generated. It is critical that the size of the gyms is sufficient to maximise income generation. Appendix D provides a map that shows the Council's facilities and all public and private competition with a description of these against each of the 5 centres managed by the Council.

Latent demand for Fitness

- 2.37 In estimating the latent demand for fitness, the following populations have been used. An adjusted two mile radius of Fanshawe Pool and Gym

(excluding 2 mile overlap with Hartham), a two mile radius for the Leventhorpe facility, a three mile radius for both Grange Paddocks and Hartham and a four mile radius for the Ward Freman Pool, which is the most isolated of the facilities. In each case, the number and types of people living in the area, plus competing fitness gyms have been considered.

Hartham

- 2.38 The overall demand for Hartham Leisure Centre is estimated to be 3,087. This includes allowance for 25% of the total to travel from outside the catchment area but also some negative consideration for the competition in the area (and particularly those people on the edges of the catchment who have other options closer to home).
- 2.39 The centre currently has around 2,575 members, so the estimate shows potential to increase this by 512.

Grange Paddocks

- 2.40 The overall demand for Grange Paddocks Leisure Centre is estimated to be 3,505. This includes allowance for 25% of the total to travel from outside the catchment area. The circa 4,000 new homes which will be built in the area, within 3 miles of Grange Paddocks have been factored in. (It is assumed that these will house around 6,000 adults). The centre currently has around 2,700 members, so the estimate shows potential to increase this by 805.

Fanshawe Pool and Gym

- 2.41 The overall demand for Fanshawe Pool and Gym is estimated at 961. This includes allowance for 30% of the total to travel from outside the catchment area, a larger proportion than for Hartham due to concentrating on a tighter catchment. Some negative consideration has been factored in for competition in the area as there are a number of alternative options available.
- 2.42 The centre currently has around 750 members, so the estimate shows potential to increase this by 211.

Leventhorpe Pool and Gym

- 2.43 The overall demand for the Leventhorpe Pool & Gym is estimated to be 476. This includes allowance for 30% of the total to travel from outside the catchment area but also some small negative consideration for competition, mainly to allow for the bigger gym at Leventhorpe Leisure Centre next door.
- 2.44 The existing centre currently has around 370 members, so the estimate shows potential to increase this by 106.

Ward Freman Pool

- 2.45 There is currently no gym provision on this site. The latent demand for Ward Freman Pool is estimated to be 495. This is the total number of members that could be achieved if a gym and studio were added. This includes allowance

for 20% of the total to travel from outside the estimated catchment area.

Competition Analysis – Trampoline Park, Spa, Adventure Play and Clip and Climb

2.46 To determine if other complementary facilities could be included within the facility mix at Grange Paddocks or Hartham Leisure Centre a competition analysis for these alternative facilities has been undertaken, which is summarised below.

Grange Paddocks

- 2.47 There are six spa facilities within 30-minutes of Grange Paddocks, the nearest being Urban Spa in Bishop's Stortford, only a few minutes' drive away.
- 2.48 There are six adventure indoor play facilities within 30-minutes, the nearest being Adventure Play Barn in Sawbridgeworth.
- 2.49 There is one indoor clip n climb facility in Cambridge and a new outdoor high ropes course has recently opened in Welwyn Garden City. A new facility has for Chelmsford opened in December 2016.
- 2.50 There are three indoor trampoline parks within 40-minutes, the nearest being Air Space Stevenage.
- 2.51 Therefore, the catchment is reasonably well catered for these types of activities.

Hartham

- 2.52 There are six spa facilities within 20-minutes of Hartham Leisure Centre, the nearest being Hanbury Manor Hotel and Country Club in Ware.
- 2.53 There are two indoor trampoline parks within 30-minutes, the nearest being Gravity Force in St Albans, but Air Space Stevenage is of a similar drive time as well.
- 2.54 There are ten adventure indoor play facilities within 30-minutes, the nearest two being less than 15-minutes from Hartham; Get Wild in Hatfield and Soft Play City in Welwyn Garden City.
- 2.55 There are no Clip n Climb facilities with 30-minutes, but a new outdoor high ropes course has recently opened in Welwyn Garden City. Therefore, there is potential opportunity for a climbing type activity in Hartham.
- 2.56 A map illustrating commercial facilities within a 20 – 30-minute drive of Hartham Leisure Centre can be found in Appendix E

Swimming Pool Modelling - Grange Paddocks

- 2.57 The demand and supply analysis carried out by consultants demonstrated a need for further pool water at Grange Paddocks. To determine whether it

would be best value for the council to improve the existing provision or build new, further analysis was undertaken to assess the likely usage of the pools by comparing the usage of comparable demographics across the country and the type of use the pool was most likely to attract. Consultation was then undertaken with stakeholders.

2.58 The objective was to understand the most suitable configuration of the pools to ensure it met the future needs of the whole community.

2.59 A ten-stage process was followed to determine the recommended pool capacity and possible pool programming:

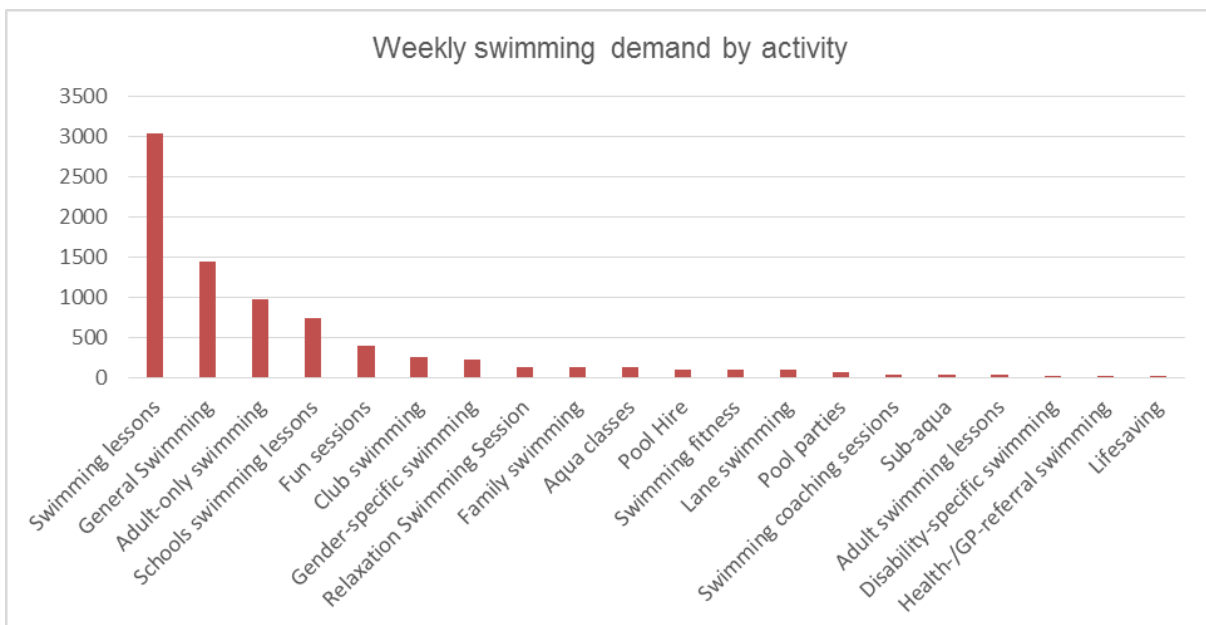
1. Swim member 'datahub' sample (National sample of swim members by age, gender, postcode and programme);
2. mosaic type by postcode;
3. swim population;
4. drive time catchments;
5. travel time decay;
6. local supply of pool facilities;
7. demand;
8. facility demand;
9. pool capacity recommendation; and
10. programme requirements.

The methodology is illustrated in Appendix F.

2.60 It is projected that there will be 8,014 swims each week and an ideal sized pool to accommodate this would total 710m2.

2.61 The projected total weekly visits have been mapped against likely activity. This has been assessed by comparing typical visits to pools of those within the Data hub club of comparable demographics.

Graph 1. Weekly swimming demand at Grange Paddocks



2.62 Whilst this break down will need to be specific to the requirements for Grange Paddocks, it is a good starting position to help determine the optimum lay out of the pools and requirements for moveable floors.

2.63 An example of the configuration of this amount of water would be:

• 8-lane main pool – 25m x 17m	425m ²
• teaching pool (larger for lessons) – 20m x 10m	200m ²
• water confidence pool – free form	100m ²
Total	725m ²

2.64 The larger teaching pool would support the demand for swimming lessons, the 8-lane pool would support adult only and club swimming and a water confidence area would provide for early years' introduction to swimming.

Sports Hall Modelling

2.65 As the Council was considering the need for a sports hall at Hartham Leisure Centre and the OSSFA suggested a need of 1.4 courts, a further review of the requirements was undertaken for the centre.

2.66 Consultants completed latent demand maps for the centre by super output area. An estimate of the unmet demand that could be absorbed by a sports hall at Hartham was considered, considering travel time. Projected visits per week, by age and gender were considered and this provided the recommended size of hall.

2.67 In summary, the findings revealed that the centre could support a 5-7 court hall, however, this demand would be transferred from other existing sports halls in the surrounding area. If it is assumed that the demand would remain in the existing centres, the new demand would only be for 1-2 courts.

2.68 Given the proposed plans for the new sports hall at Herts and Essex school, this analysis has not been completed for Grange Paddocks.

Review of Current Performance

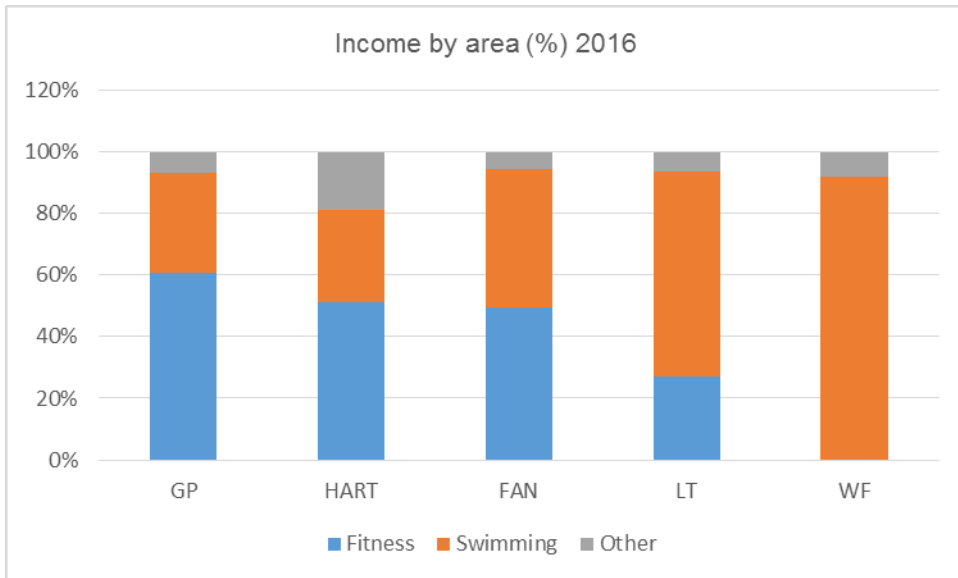
2.69 A review of the financial performance of the five leisure centres has been undertaken to assess the current performance and to ascertain a 'base line' position to develop business plans for the development options. These have been compared to national benchmarks and have been used to assess the potential investment opportunities at the centres to increase participation whilst reducing the net cost.

2.70 The key areas of income reviewed were fitness income and swimming income, as these are the key facilities at each centre.

Income

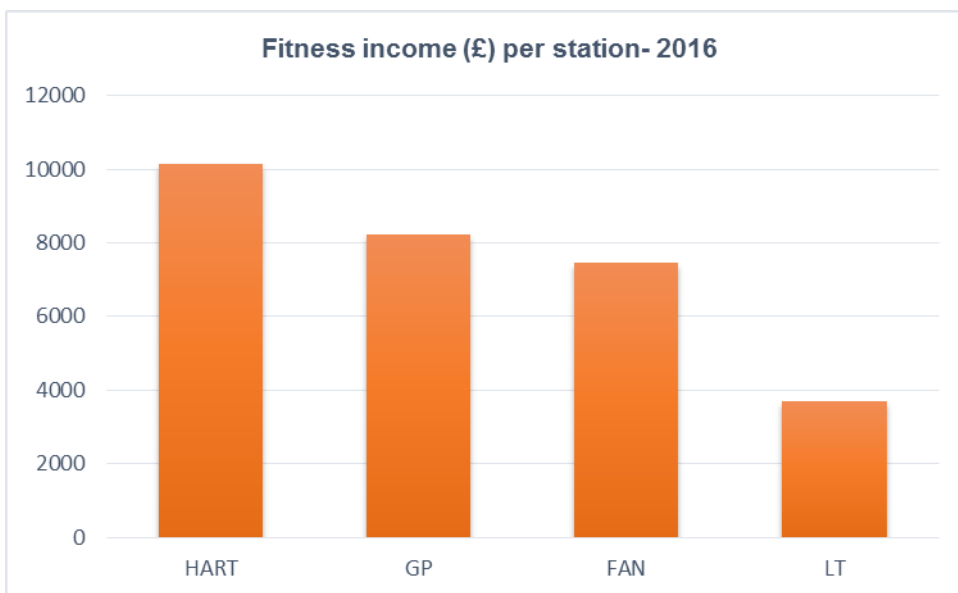
2.71 The Income by facility area is set out in the chart below for each centre.

Where centres have both gyms and pools, the income from the gym, (although an overall smaller area) is higher than that generated from the pools. Fitness income is over 50% of total income at Grange Paddock and Hartham. The graph below demonstrates income by area.



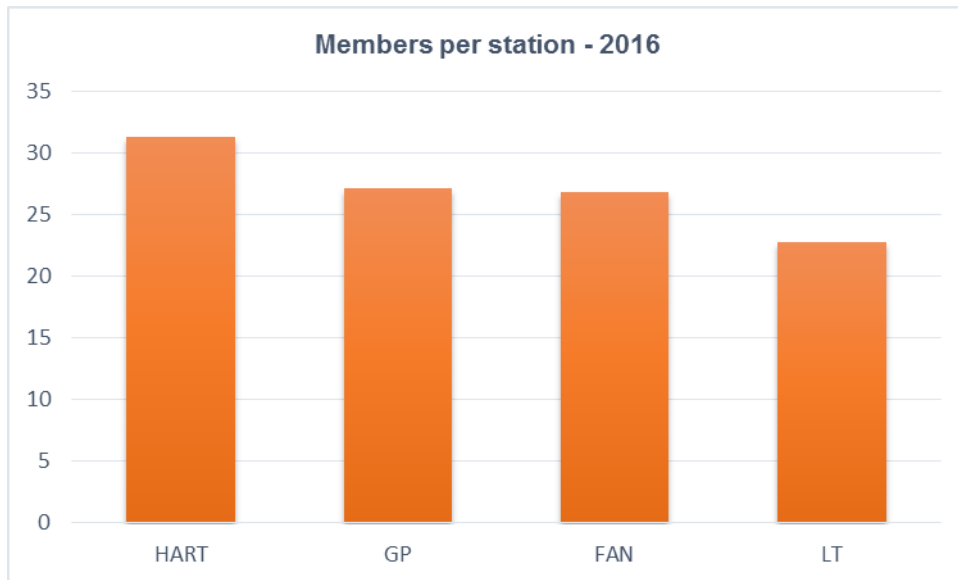
Fitness income

2.72 The graph below set outs the fitness income per station for each of the centres. Hartham is the best performing site, with fitness income in the region of £10k per fitness station. It would be expected that a well performing gym with good studio and ancillary provision would be able to achieve in the region of £10k - £15k per station, therefore there are further opportunities at each of the centres, given the latent demand (with appropriate facilities to meet customer expectations).



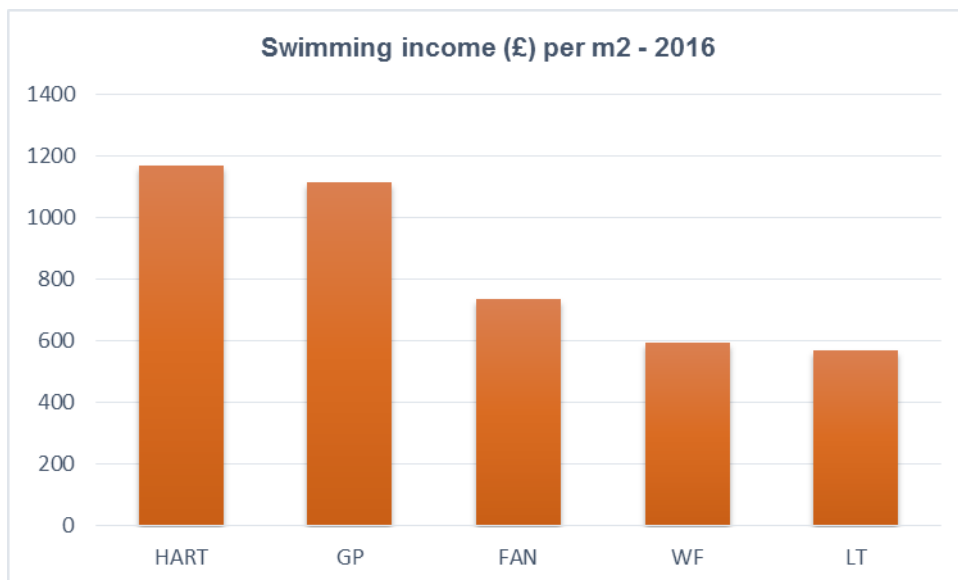
2.73 The graph below sets out the members per station at each of the centres. Centres generally operate in the region of 19 - 25 members per station. Therefore, Hartham will be operating at over capacity, with Grange Paddocks

and Fanshawe at capacity levels, with the latent demand this demonstrates the requirements for larger fitness suites at each centre except for Leventhorpe.



Swimming Income

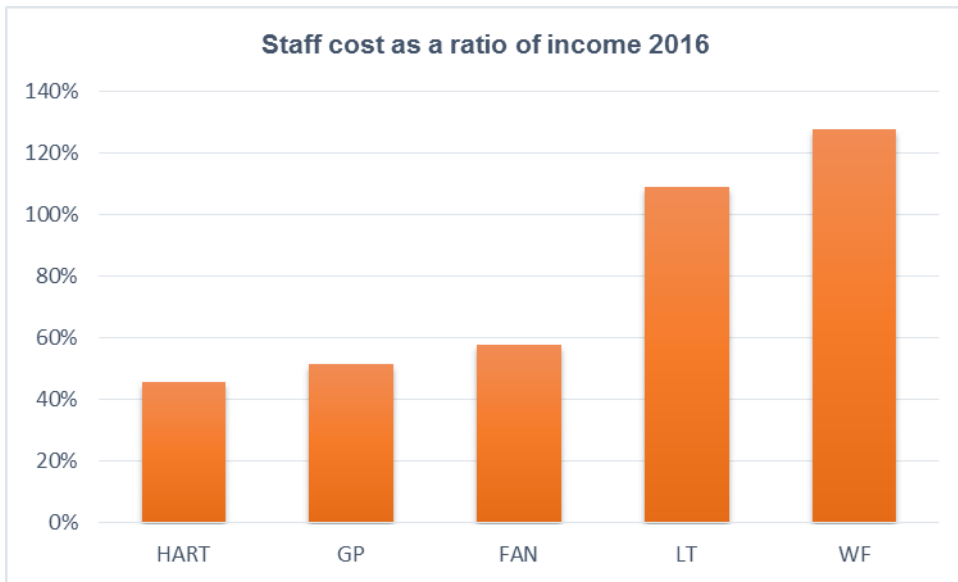
2.74 The graph below sets out the swimming income per m2 for each of the swimming pools. It would be expected that a pool hall comprising a main and teaching pool could generate in the region of £1,000 - £1,500 per m2. Both the main leisure centres are performing at this level, at just under £1,200 per m2, with the smaller joint use centres operating at a lower level.



Staff costs

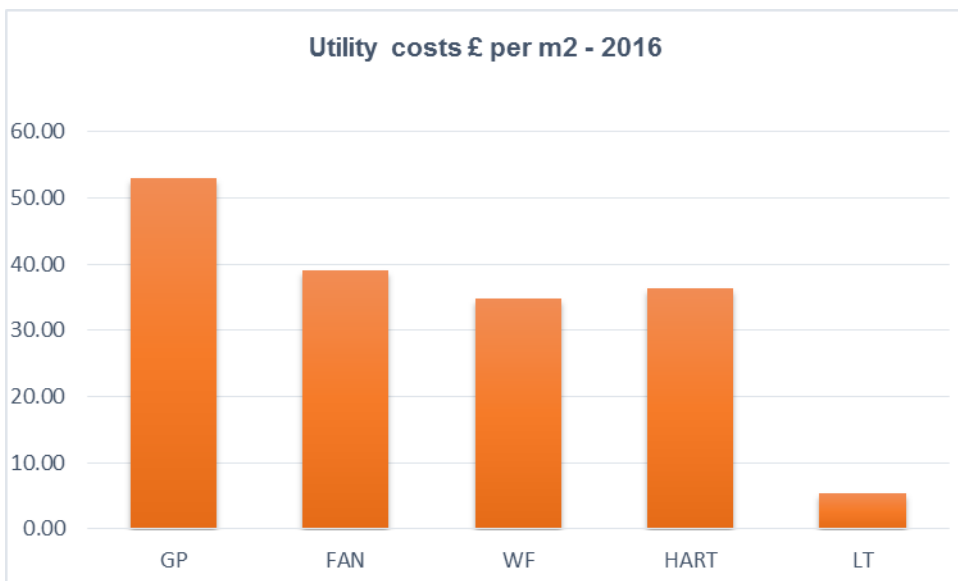
2.75 Staff costs are generally the largest expenditure cost of managing leisure centres. To assess the efficiency of staffing, total staff costs are compared to the income generated of the centre. The table below sets this ratio out for each centre. Leventhorpe and Ward Freman have the poorest ratios, where staff costs are higher than income generated. Pools generally have high

ratios, due to the lifeguarding requirements and relatively low price of swimming. Therefore, facilities such as gyms and studios are added to pools, to increase the income (without significantly increasing staffing costs).



Utility costs

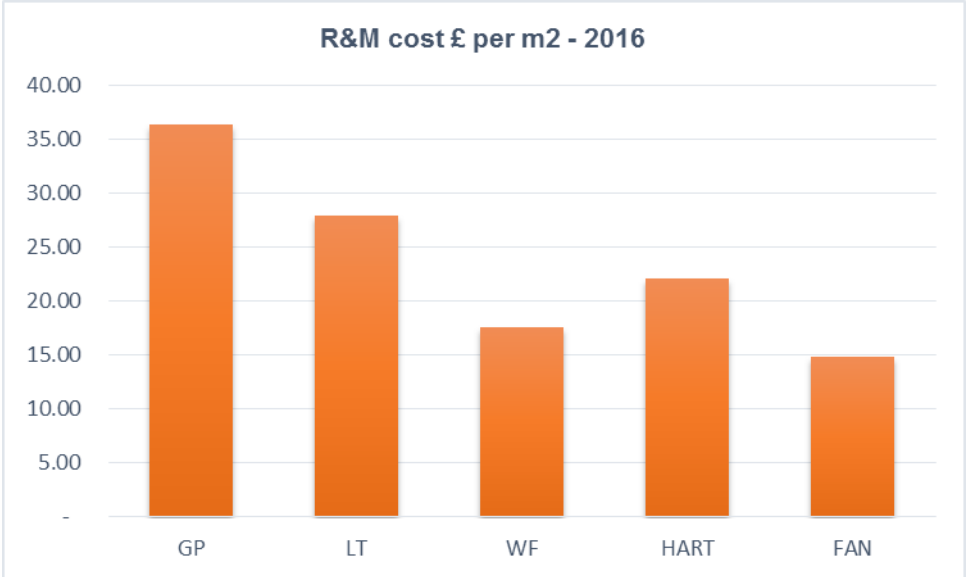
2.76 The graph below sets out the utility costs per meter square for each centre. Given that the joint use centres are only pools, (which are the largest utility consumption area), it would be expected that the joint use pools, would have the highest cost per m2. However, Grange Paddocks costs are very high at just under £53 per meter square, suggesting an inefficient building. Typical costs would be in the region of £35-£40 per m2, increasing to £45 for wet only centres.



Therefore, there are opportunities at all centres to improve energy consumption.

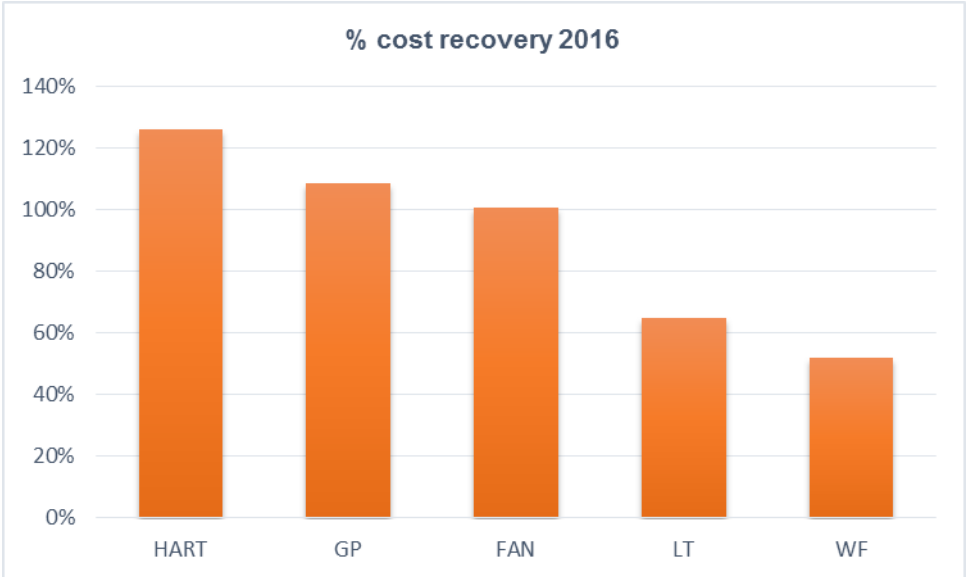
Repairs and Maintenance Costs

2.77 Repairs and maintenance costs range from between £15 to £36 per meter square, as shown in the graph below. Median costs as per the Sport England national benchmarking service are in the region of £18 per meter square. As the centres have small 'dry' parts to the facility and are predominantly pools, the overall costs would be higher than mixed wet and dry centres, however the costs are high, reflecting their age and condition.



Cost Recovery

2.78 The overall ratio of income to expenditure for the centres is set out below. The median levels (as per Sport England National benchmarking) are at 108%; income more than covers expenditure so the centres operate at a surplus. Leventhorpe and Ward Freman are the two centres in East Herts requiring a subsidy.



2.79 This high-level review of the centres' current financial performance will inform the future facility considerations, particularly:

- There are opportunities at each centre to increase the fitness offer; this will

meet demand and increase income the centres generate. Hartham, Grange Paddocks and Fanshawe are all at capacity for fitness members, therefore larger gyms are required.

- Swimming income is performing well at the two main facilities, but less well at the joint use pools, likely to be reflecting both the over-supply and poorer ancillary facilities.
- Staff costs as a proportion of income is good at Hartham and Grange Paddocks, however poor at Leventhorpe and Ward Freman. This KPI will be most easily improved by increasing income, as staff costs are relatively fixed due to lifeguarding requirements.
- Utility costs are higher than expected at Grange Paddocks and Fanshawe, therefore there are energy savings opportunities here.
- Repair and maintenance costs are high at all the centres, and there are significant future condition survey costs required. This reflects the age and current condition of the centres.
- Cost recovery proportions are low at the three joint use sites, reflecting the overall high staffing, maintenance and utility costs in comparison of income the centres generate.

3.0 Site Analysis and Facility Mix Options

3.1 Given the above analysis and stakeholder consultation, for each centre a facility mix has been identified and agreed by the Task and Finish Group. This has considered the council's strategic outcomes for the service, demand and supply analysis, competition analysis, consultation and financial performance review. The summary is set out for each centre below.

Grange Paddocks

3.2 The existing leisure centre at Grange Paddocks is situated in open parkland located within walking / cycling distance of Bishops Stortford Town Centre. The existing 25m and learner pools are nearing the end of their practical lifespan, with recent refurbishment / extension of the centre to create redecorated wet change and new studio / dry sports spaces. User demand on this centre is very high, with congestion at certain times between school groups and the general public.

3.3 The current facility is located on the eastern bank of the river Stort, on the edge of open parkland containing a number of playing pitches. The site is accessed via a narrow access road over the river, leading to two car parks between the centre and the river.

3.4 The buildings are located within flood zone 1 and 2, whilst the car parks sit within flood zone 3.

3.5 There are residential properties on the west bank of the river that have overlooking views over the river, into the park and of the centre / pitches. Consideration will need to be given to these properties from:

- noise breakout from any new facilities
- potential light pollution from any proposed floodlighting of pitches
- sensitive design of new facilities in terms of visual amenity

- 3.6 The fitness latent demand suggests that a new Grange Paddocks Leisure Centre would have a demand for 3,505 members, which based on 25 members per fitness station, would require 140 stations and approximately 700m² for gym space.
- 3.7 To complement the fitness suite, additional studios to provide group exercise will provide the ability to have a balanced programme attracting a larger part of the community and to drive revenue.
- 3.8 The swimming pool modelling, based on the catchment, drive times and population growth suggests demand of approximately 8,000 visits a week, requiring 710² of water. These pools would provide total water space of 725m². Confidence water will also be provided for babies and toddlers. Design of the pools has been undertaken in consultation with the clubs and ASA. The leisure task and finish group was keen that the confidence water and larger teaching pool be provided to meet demand. Due to the requirements of a much larger pool hall and the age of the existing pool, that is nearing the end of its useful life, a new build centre was considered over and above a refurbished pool hall.
- 3.9 Given the increase in water space and fitness facilities required at Grange Paddocks, it was determined that a new build centre, would be more suitable than trying to extend the current pool tank and hall and fitness facilities.
- 3.10 Site options were assessed for the new centre at Grange Paddocks and the location of a new build within flood zone 1 was deemed the most suitable. Further surveys will be required to determine viability of location.
- 3.11 Any new replacement facility would need to consider the following:
- The sensitive nature of the open park setting
 - Location of the facility close to the river Stort
 - Location of the existing facility which currently sits within flood zone
- 3.12 The preferred facility mix is set out in Appendix G.

Hartham Leisure Centre

- 3.13 Similar to Grange Paddocks, the existing leisure centre at Hartham is situated in open parkland. This park is located on the outskirts of Hertford
- 3.14 The current facility is located between the Rivers Beane and Lea, on the southern edge of open parkland. The centre is accessed via a road running along the northern bank of the River Lea.
- 3.15 Whilst the existing centre lies within flood zone 2, the proposed options need to link in with the existing facilities. As such the proposed new construction will have to lie within the flood zone 2. However, flood resilience can be designed into the scheme at the next stage, through the inclusion of items such as robust finishes.

- 3.16 The existing 33m and learner pools were existing external pools, until covered over with the current pool hall.
- 3.17 User demand on this centre is quite high, with congestion at certain times between school groups and the general public.
- 3.18 Any new replacement facility would need to consider the following:
- The sensitive nature of the open park setting
 - Location of the facility close to the rivers Beane and Lea
 - Location of the existing facility which currently sits within flood zone 2
- 3.19 Analysis of the demand for sports halls has demonstrated that demand isn't sufficient (given the local supply) for another four court sports hall.
- 3.20 The latent demand for this centre is lower than that of Grange Paddocks, due to the additional competition, with a total demand of just over 3,000, and when taking the existing membership into account, the estimated increase is just over 500 members. Based on 25 members per fitness station, the gym would need to be able to accommodate 120 stations, and be approximately 600m². The addition of a larger second studio, would allow for more group exercise classes and the ability to have a crèche.
- 3.21 What does stand out though is the population within thirty minutes of the site, with over 1.2m people in total, more than double that of Grange Paddocks. Furthermore the 0-9 year olds account for almost 14% of the population, which is higher than the England average of 12.5%. This younger population provides opportunities for the provision of more child friendly facilities, such as clip n climb and water based activities. Indoor soft play is well catered for within short drive times, so is not recommended to be included in Hartham Leisure Centre.
- 3.22 The existing swimming pool is in need for refurbishment, in order to be able to continue to be attractive to fitness swimmer, but particularly for families for swimming lessons and fun activities.
- 3.23 Adding in a fixed floor to the diving end of the pool will provide a second area for teaching. This will allow for further lessons, although will impact on the current water polo use. (This will be offset within the district with new facilities in Grange Paddocks).
- 3.24 The facility mix option schedule suggests that the swimming pools would need to be retained. As such, the intention behind the options at Hartham is to retain the existing pool hall and redevelop the reception area.
- 3.25 Minor redecorations / retiling are included for the existing pool hall, with the pool tanks relined / retiled. The boom is to be fixed towards the shallow end of the main pool, diving the 33m pool into a 25m pool and 6m wide pool.
- 3.26 The existing reception is proposed to be demolished. New studios and an extension to the gym are proposed to be constructed in its place.
- 3.27 The preferred facility mix is set out in Appendix G

Fanshawe Pool and Gym

- 3.28 Fanshawe pool and gym is located on the outskirts of Ware, and is a shared facility between public and the Chauncy School (secondary school). Nearby is also St.Catherines Church of England Primary School.
- 3.29 The facility is a single storey building on the western edge of car parking serving Chauncy School.
- 3.30 Current uses located in the building are:
- Reception / staff area
 - Small fitness gym
 - Dry change areas
 - Small meeting room
 - Wet change areas
 - 25m main pool with elements of spectator seating
- 3.31 The building sits on the western edge of Chauncy School's car parking, and is surrounded by open land to the west / north, assumed to be part of the School's demise. To the south lies the access road, Park Road.
- 3.32 Lying to the west and south are residential developments, as such, there is limited / no scope for external expansion.
- 3.33 Parking for users of the facility is restrained, and becomes extremely congested at school drop-off and pick-up times.
- 3.34 The site is level and the building lies away from areas of flood risk.
- 3.35 The facility mix option schedule suggests that potential membership could be increased to over 950 members. This can be achieved through a larger fitness suite and improved changing facilities (both wet and dry).
- 3.36 The proposed option increases the fitness gym area, but reduces / refurbishes the associated dry change areas which have been deemed oversized for the member numbers.
- 3.37 Through an internal reconfiguration of the oversized wet change areas, a new studio can also be introduced.
- 3.38 The wet change, as noted, has been reconfigured / condensed, and now has group change facilities included within the layout.
- 3.39 The pool hall refurbishment works would consist of re-tiling of pool tank and hall walls.
- 3.40 Rearrangement of the car parking to accommodate more users' needs to be included through the use of kerb re-alignment / removal. This will be investigated further at the next design stage.
- 3.41 Fanshawe Pool and Gym is performing well financially and has a good

catchment of over twenty thousand adults over the age of fifteen within two miles of the site. The local competition, consisting of three private clubs and one public facility suggests a good customer base for fitness facilities. With the latent demand suggesting that the existing gym membership could be increased by approximately 200, there is an opportunity to increase the size of the fitness facility at this site. With internal layout changes to increase the size of the gym, creating 40 – 50 fitness stations, along with changing rooms and welfare facilities refurbishment, this site could remain competitive in the local market and should be able to continue to generate a revenue surplus.

3.42 The preferred facility mix is set out in the Appendix G

Ward Freman Pool

3.43 Ward Freman pool and gym is located on the outskirts of Buntingford, and is a shared facility between public and the Freman College (secondary school).

3.44 The facility consists of single storey changing / staff accommodation off a central reception area, opening out onto a double height pool hall with 25m pool.

3.45 The facility is located on the college grounds, on the western edge of car parking mostly used by and for Freman College.

3.46 Current uses located in the building are:

- Reception / staff areas
- Small kitchen
- Wet change areas
- 25m main pool

3.47 The building sits on the western edge of Freman College's car parking, and is bounded to the west and north by existing Academy buildings. To the south lies Buntingford Cricket Club.

3.48 The car parking (and pool) is accessed from Bowling Green Road which lies to the east of the site.

3.49 Lying to the south-west, and separated from the College by a tree belt, are residential developments. As such, there is no scope for external expansion.

3.50 Parking for users of the facility is restrained, and becomes extremely congested at school drop-off and pick-up times. The site is level and the building lies away from areas of flood risk.

3.51 The existing swimming pool is needed for this part of the district to satisfy the demand for swimming. Refurbished changing rooms and toilets would make the swimming pool a more attractive offering for the community.

3.52 The catchment for this facility is much lower than the other centres and the demand for fitness is low. There is only one local private fitness competitor offering a small gym, which does also suggest there is little demand for additional fitness.

- 3.53 Reconfiguring the existing floor space at Ward Freman Swimming Pool to improve the changing rooms and to provide a small fitness room would help to satisfy the estimated local demand for this site of 495, but 100m² would be needed to be able to provide a gym with approximately 20 fitness stations. It would be unlikely to be able to provide this amount of space within the existing footprint of the building. Consideration has been given to providing fitness on the roof of the changing rooms, but this was not considered given the capital costs and resulting impact on income.
- 3.54 The schedule of facility mix options identifies there is a latent demand for fitness of 495. This could be satisfied with a small fitness suite of approximately 25 stations.
- 3.55 With the proposed option, internal configurations of the existing change accommodation can provide a small fitness suite, and refurbished wet change areas which include group change.
- 3.56 The pool hall refurbishment works would consist of re-tiling of pool tank and hall walls.
- 3.57 The preferred facility mix is set out in the Appendix G

Leventhorpe Pool and Gym

- 3.58 Leventhorpe pool and gym is located on the outskirts of Sawbridgeworth, and is a shared facility between public and the Leventhorpe School Academy (secondary school).
- 3.59 The facility is a single storey building on the western edge of car parking mostly used by and for Leventhorpe School Academy.
- 3.60 Current uses located in the building are:
- Reception / staff area
 - Small fitness gym
 - Dry change areas
 - Small meeting room
 - Wet change areas
 - 25m main pool with elements of spectator seating
- 3.61 The building sits on the western edge of Leventhorpe School Academy's car parking, and is bounded to the west and north by existing Academy buildings. It is surrounded by open land to the south, assumed to be part of the Academy's demise.
- 3.62 The car parking (and pool) is accessed from Cambridge Road which lies to the east of the site.
- 3.63 Lying to the south are residential developments. As such, there is limited scope for external expansion.

- 3.64 Parking for users of the facility is restrained, and becomes extremely congested at school drop-off and pick-up times.
- 3.65 The site is level and the building lies away from areas of flood risk.
- 3.66 The facility lies very close to Grange Paddocks and other facilities. As such, usage of the site is low. The building, and its finishes, has become tired and worn. Due to the limited use of the facility, the proposed option allows for minimal redecorations and creation of an external canopy for parents to view children's swimming lessons.
- 3.67 Internal redecorations would occur to the existing wet change areas.
- 3.68 The pool hall refurbishment works would consist of re-tiling of pool tank and hall walls.
- 3.69 Leventhorpe has the lowest usage of all of the facilities and has the highest usages of its users from outside of the district. The pool does not have any spectator viewing for parents, which impacts the ability to deliver swimming lessons.
- 3.70 The Leventhorpe Pool and Gym is on an educational site (Leventhorpe School) that also has a separate facility (Leventhorpe Leisure Centre), which is currently run by another provider. This facility has a sports hall, fitness suite, studio and ATP. Having two separate facilities on the same site, run by different operators is confusing for residents and is not providing the best return for investment and operational expenditure.
- 3.71 Based on the current membership and the local competition, there is very little additional demand for fitness, so improving or expanding the offer at this site would provide little overall benefit.
- 3.72 Leventhorpe is within a 15 minute drive time to Grange Paddocks, and for residents further south, Leventhorpe is only 15 minutes drive to Harlow Leisurezone. The emerging Open Space and Sports Facility Assessment is suggesting that by 2030 a new leisure centre will be required in the Gilston area, depending on the exact site, Leventhorpe would also fall within this 15-minute drive time.
- 3.73 To address the lack of swimming pool viewing, for parents during swimming lessons a simple external canopy could be constructed, to at least provide some shelter for parents viewing from the external windows. Retiling of the pool hall and refurbishment of the changing rooms could also be considered.
- 3.74 Despite the investment into the facility it is projected that usage will fall from 66,663 in 2016 to 46,664 in a mature year when a new Grange Paddocks has built and operationally working well.
- 3.75 However, for the level investment, continued capital costs and the projected decrease in customer visits, the Leisure Task and Finish Group considered rationalisation of the facilities and felt that not investing in Leventhorpe would be the most viable choice and to explore a mutually agreeable exit strategy

with the school.

- 3.76 The management contract for the Leventhorpe Leisure Centre currently run by another provider could be managed with the existing portfolio of facilities under the School's control, which would allow for better use of the facilities across the whole of the school site, alternatively there maybe another community use facility better tailored for the area to explore. It is important to note that the natural migration of users to a newly developed Grange Paddocks would be the key trigger point in deploying an exit strategy. Should investment be approved it is anticipated that this migration could take place after 2022.

4.0 Capital Costs

- 4.1 Capital costs have been developed for each of the facility developments. The costs include:

- construction costs
- abnormal and external works
- main contractor preliminaries
- main contractor profit and overhead
- contingency
- professional fees and surveys
- inflation Q1 2017 to Q1 2019

- 4.2 The estimates exclude loose fixtures, fittings and equipment. (The costs of these are included within the revenue business plans).

- 4.3 To progress with any developments at the joint use centres, the Council must agree long term agreements with the schools / County to protect the council's investment and community use access. Officers are currently undertaking consultation with the schools and County to assess their willingness to provide mutually agreeable new agreements and disband the current agreements. If the outcomes are not positive, the Task and Finish Group recommendation is to not progress the investment into those centres.

- 4.4 To date initial conversations with HCC regarding Ward Freman are positive. The County's key concerns are in relation to safeguarding and the proposed facility mix and whether it would meet Sport England requirements and building regulations. The County will also be exploring their 'school use' requirements which may impede on community access and therefore revenue position for this site. It has been highlighted to county colleagues that the proposed facility mix provides a framework for the District's decision making body in relation to investment levels and that detailed designs will come later as part of the procurement process.

- 4.5 In relation to Chauncy School regarding Fanshawe Pool and Gym, the School have stipulated the following non-negotiable items for a new agreement:

- 4.5.1 Free use of the pool for Chauncy School pupils during the school day, determined by an annual forecast of times/dates.

4.5.2 For the Council to reconfigure the School and leisure centre car parking area at no cost to the school to ensure better flow of vehicle movement during school drop off times and greater use for leisure centre members throughout the day and evenings.

4.5.3 The Council to pay a fee for annual rent of approximately £5000

4.5.4 The school would not pay towards ongoing repairs and maintenance costs on a newly developed site.

- 4.6 The costings below cover two options in relation to Fanshawe Pool and Gym:
- Option A – investment from the Council based on long term agreement and lease at ideally a peppercorn rate to the Council
 - Option B: No investment, continue with the provision in the current model until development at Hartham is completed and a large portion of users migrate to Hartham.

4.7 As previously mentioned, given the impact of Grange Paddocks and declining customer visits the Task and Finish Group concluded that investing in Leventhorpe was not a viable option moving forward.

4.8 The summary capital costs for each centre are set out in the table below.

Centre	New build / redevelopment	Key facilities	Capital cost
Grange Paddocks Leisure Centre	New build	<ul style="list-style-type: none"> • 8 lane 25m pool • teaching pool with moveable floor • confidence water • 140 station gym • 3 studios • café • 3G 	£21,997,939
Hartham Leisure Centre	Redeveloped dry side for enlarged fitness and climbing	<ul style="list-style-type: none"> • New dry side to create 140 station gym • 3 studios • new dry changing rooms • retile pool tanks • Redecorate pool hall 	£7,113,000

		<ul style="list-style-type: none"> • provide a fixed boom and false floor to the diving end to increase use of this water space for teaching • Fixed Shelf • Clip and climb 	
Ward Freman	Redeveloped internal change areas	<ul style="list-style-type: none"> • Include a 25-station gym on the ground floor • Refurbish / remodel changing areas • Re-tile pool surrounds • Redecorate the pool hall 	£881,000
Subtotal (without investment in Fanshawe)			£29,991,939

Fanshawe Option A and Option B

Fanshawe Option A	- Redeveloped internal change areas	<ul style="list-style-type: none"> • Extend the size of the gym and add a small studio • Refurbish changing rooms • Retile pool and redecorate the pool hall 	£1,268,000
Option B	None	None	£0
Total with Fanshawe Option A			£31,259,939

Investment in Leventhorpe Not Recommended by Leisure Task and Finish Group

Leventhorpe	Improve the pool hall and changing areas	<ul style="list-style-type: none"> • Refurbish the changing rooms. • Redecorate 	£398,000
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		<p>the pool hall</p> <ul style="list-style-type: none"> • Provide external canopy for viewing 	
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4.9 It is important to note that should investment be approved for developments, the funding will be required at different stages of a new leisure contract. Also, given the timescales required for procurement it is likely that the current leisure contract will need to be extended for approximately 1year(currently contract expires December 2022. Therefore it is unlikely that any development and investment will take place prior to 2020.

4.10 However, the Council will need to proceed with the submission of an outline planning application for Grange Paddocks and Hartham leisure centres prior to the procurement of a new leisure contractor. This will mitigate concerns from the leisure providers and ensure the contract is attractive to the market. In addition to the capital funding for developments, funding will be required to submit an outline planning application. Detailed costs for all surveys prior to submission will be required It is estimated that this could be in the region of £150k

5.0 Revenue Business plans and whole life costs

5.1 Indicative revenue business plans have been developed for each of the centres considering the redevelopments and new build at Grange Paddocks. The business plans set out total income and expenditure projected for each centre from the completion of the development works.

5.2 A number assumptions were made to shape this work:

- To assess the overall net financial cost of the developments to the Council, the capital costs (opportunity cost), cost of borrowing, repayment and revenue position were assessed together. This has been factored into the whole life cost analysis at the rate of 2.3% for capital costs for Grange Paddocks and 2.74% on the rate of borrowing and repayment over 20yrs for the remaining facilities. It is important to note that these figures provide a framework of costs, usage and facility mix options which will be used as a base for the procurement process should investment be approved. Providers submit design, build, operating and maintenance solutions that meet the Council's requirements at a capital investment cost to the Council that is no more than those described in para 4.8. The final investment mix will be proposed by the Head of Strategic Finance and Property in conjunction with the Executive member for finance and support services.
- To provide high level figures on the whole life costs it was assumed that the contract will be structured such that the Council will pay the capital costs. In this way, it is assumed that the VAT on the capital developments will be able to be reclaimed by the Council.

- It was assumed that the centres will be managed by an organisation similar to current incumbents, such that there are comparable VAT and NNDR benefits.
- Increases for inflation have not been included within the projections at this stage.
- Pricing for the activities and memberships were based on the existing prices, however for new activities, prices have been benchmarked with surrounding facilities and other local authority facilities
- Projections allow for growth of the developments over the first five years of a new contract, to a mature year position
- It is assumed that the Council reaches appropriate agreements with each of the relevant joint use schools to extend the community use arrangements over the next 10 – 15 years to ensure payback for the Council's investment is recovered.
- There will be a loss of income for each of the centres whilst the development works are completed and this will need to be fully assessed during the procurement process to identify the medium term financial implications for the Council. The disruption will be most significant at Hartham, where it is planned that the existing reception and gym is knocked down and replaced.

5.3 In projecting the potential income streams, consultants considered the following:

- the detailed assessment of the existing centres' performance, to understand the income each of the key facilities currently generates;
- future demand and supply assessments for key facilities; swimming pools and sports halls;
- latent demand for fitness for each centre, this was compared to existing members, so that the growth in each centre's memberships could be projected;
- membership pricing and average income per month each member currently generates to project future income generation;
- pricing structures for casual use; and
- a new swimming programme was developed for the pools at Grange Paddocks considering future use of clubs, swimming lessons and casual use.

5.4 Expenditure projections were based on the following:

- the detailed assessment of the existing centres' performance, to understand the current expenditure of each centre;
- existing staffing costs and structures of the centres and uplifting this taking into account new facilities;
- implications for increased maintenance, utilities and equipment costs;
- costs above the rate of inflation have been included for utilities given the volatility of the market; and
- operator overheads and surplus were included at industry averages.

5.5 A summary of the initial mature year position once each of the centres'

developments are complete are set out in the tables below.

- 5.6 For option A approximately 70% of the income and expenditure from Leventhorpe has been absorbed into the Grange Paddocks figures.
- 5.7 In option B approximately 70% of swimming and 60% membership income and expenditure from Fanshawe has been transferred into the costs for Hartham.

Option A with developments at Fanshawe

New Centres	Mature Year
Fanshawe Pool & Gym	
Income	568,100
Expenditure	500,360
Net	67,740
Capital repayment	64,000
Interest on borrowing	35,000
Rent to School	5,000
Annual cost	104,000
Net benefit	-36,260
Grange Paddocks Pool & Gym	
Income	2,635,987
Expenditure	1,977,136
Net	658,851
Annual lost interest on capital	506,000
Net benefit	152,851
Hartham Leisure Centre	
Income	2,187,420
Expenditure	1,714,608
Net	472,812
Capital repayment	356,000
Interest on borrowing	195,000
Annual cost	551,000
Net benefit	-78,188
Ward Freman Pool	
Income	336,500
Expenditure	412,150
Net	-75,650
Capital repayment	45,000
Interest on borrowing	25,000
Annual cost	70,000
Net benefit	-145,839
TOTAL	
Income	5,728,006
Expenditure	4,604,254
Net	1,123,753
Annual lost interest on capital	506,000
Annual Capital repayment	465,000
Annual Interest on borrowing	255,000
Annual cost (inc rent to School)	1,231,000
Net benefit	-107,247

Option B without developments at Fanshawe

New Centres	Mature Year
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Grange Paddocks Pool & Gym	
Income	2,635,987
Expenditure	1,977,136
Net	658,851
Annual lost interest on capital	506,000
Net benefit	152,851
Hartham Leisure Centre	
Income	2,527,420
Expenditure	1,804,608
Net	722,812
Capital repayment	356,000
Interest on borrowing	195,000
Annual cost	551,000
Net benefit	171,812
Ward Freman Pool	
Income	336,500
Expenditure	412,150
Net	-75,650
Capital repayment	45,000
Interest on borrowing	25,000
Annual cost	70,000
Net benefit	-145,839
TOTAL	
Income	5,499,907
Expenditure	4,193,894
Net	1,306,013
Annual lost interest on capital	506,000
Capital repayment	401,000
Interest on borrowing	220,000
Annual cost	1,127,000
Net benefit	179,013

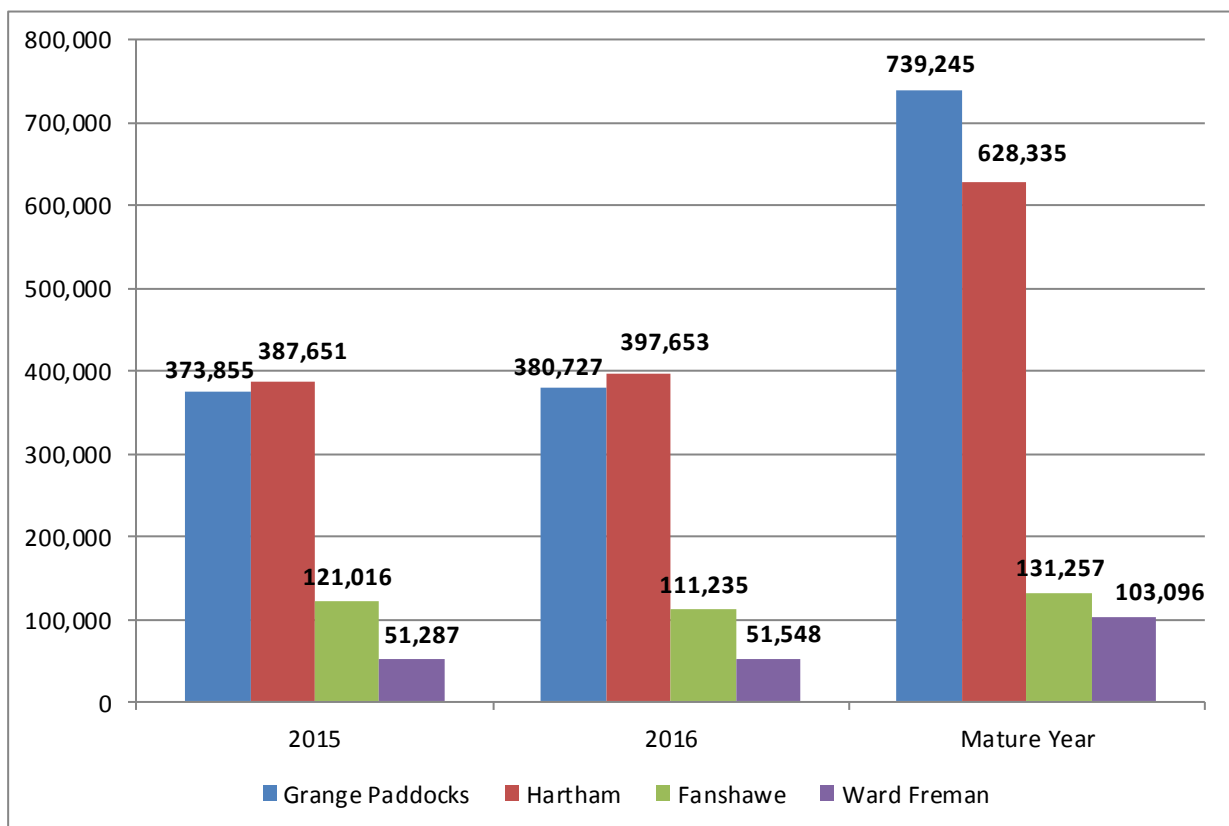
- 5.8 It can be seen therefore that the total income is projected to be in the region of £5.5m -£5.7m in a mature year, with expenditure between £4.1m- £4.6m, giving a payment to the Council of £1.1m- £1.3m. Once the annual loss of interest, repayment of borrowing and interest is considered, there is a net position in the region of -£107k (deficit) to £179k (surplus).
- 5.9 The Council currently pays a management fee to its current operator, in 2016 this was £222k, therefore there will be an additional revenue benefit of not having to pay this fee. Therefore the net improvement on the revenue budget for leisure will be between £115k - £401k (depending on what option is approved).
- 5.10 These developments will allow the Council to reduce its property repairs and maintenance budget from £35k per annum to 20k once developments have been completed; this provides an additional improved net position of £15k.
- 5.11 To provide a greater understanding on the impact on the Council's budget assumptions has been made on that:
- Repairs and maintenance costs at Grange Paddocks will continue until the new leisure centre is built

- with a new build Grange Paddocks, the repairs and maintenance costs will be transferred to the new leisure operator
- capital works at each of the sites will reduce some of the capital programme requirements for the leisure centres.
- the cost of doing nothing will result in on-going revenue subsidy from the Council with increasing capital costs for major repairs and replacement of equipment as the buildings get older.

5.12 Using the conditions surveys of each site and projected capital works required over the next 5years it is anticipated that should investment be provided, up to £700,000 of projected works over 5yrs would not be required at the centres.

6.0 Usage

6.1 The aim of the new facilities is to increase usage, the below chart below illustrates the current and projected total visits of the centres. As mentioned previously despite the investment into the facility at Leventhorpe it is projected that usage will fall from 66,663 in 2016 to 46,664 in a mature year when Grange Paddocks has been developed and usage is up to the projected figures.



6.2 Current total visits are in the region of one million, it is projected that with the new Grange Paddocks centre, including the 3G and a re-developed Hartham, that the projected usage will increase to over 1.6m in a mature year. In addition of the projected 46,664 visits at Leventhorpe, if 70% of the visits transferred to a new developed Grange Paddocks this will add to the overall

increase in visits by approximately 32,000 visits.

- 6.3 If option B was to be the preferred direction of travel it is anticipated that 60% of the projected visits for Fanshawe would be transferred to Hartham once developments were completed.

7.0 Travel Times

- 7.1 Travel times are important because people are less likely to travel long distances if their local pool is no longer available. Sport England considers that a drive time of up to 20 minutes is acceptable. A table of drive times is shown below.

JUP Facility to nearest EHC Facility	Drive Time	Distance
Leventhorpe Pool to Grange Paddocks	13 mins	6 miles
Fanshawe Pool to Hartham	13 mins	5 miles
Ward Freman Pool* to Hartham	27 mins	15 miles

* Ward Freman is also 9 miles (15 mins) from Royston Leisure Centre in North Hertfordshire DC.

- 7.2 Given the drive times is it possible to provide adequate leisure provision through three public use leisure centres across the District.

8.0 Risks

There are several key delivery risks of the leisure centre developments. These are listed below.

Sites

- 8.1 Both Grange Paddocks and Hartham are on sites that are particularly sensitive to develop.

- 8.2 The key risks for the sites are;

- Planning; green belt sites, landscape impact, residential impact, loss of playing pitches (at Grange Paddocks). However, officers from leisure team are working closely with the planning team mitigate the risks before submission of an outline planning application.
- Ground conditions; flood risk, (contamination if the 3G is located on the old tip site at Grange Paddocks)

- 8.3 At this outline business case stage, consultants have undertaken initial site analysis, consultation with the environment agency, planners and landscape officers.

- 8.4 The Council is concurrently undertaking a playing pitch study to assess the

future need for playing pitches across the council-area. The final recommendations of this study will impact the Grange Paddocks site. The location of the new build is sited on existing playing pitches, pitches could be lost. Therefore, the future site requirements for playing pitches needs to be determined (both number of and type), to assess whether there will be a loss of provision and whether the 3G can re-provide the provision to the satisfaction of Sport England who are a statutory consultee for planning permission.

- 8.5 Given the sensitivities of the sites and issues of playing pitch provision at Grange Paddocks, leisure officers will progress with seeking outline planning permission for the centres prior to procurement
- 8.6 Issues with either planning permission or the ground conditions could significantly impact on the capital costs of the projects.

Joint Use Centres

- 8.7 As mentioned previously, to progress with any developments at the joint use centres, the Council must agree longer term agreements with the schools / county to protect the council's investment and community use access. Officers are currently undertaking consultation with the schools to assess their willingness to provide these agreements. If the outcome is not positive, the Council is unlikely to progress the investment into the centres.

Financial Risks

- 8.8 The key financial risks to the Council are the capital and revenue costs. The two are interlinked, as a higher capital cost, will result in a higher loss of interest on capital. The largest risk in the capital costs are the ground conditions at Grange Paddocks due to the flood risk. Therefore, as part of the next stage officers will be working on the following surveys:
- Landscape and visual impact assessment;
 - Flood Risk Assessment;
 - Arboricultural Implication Assessment;
 - Site Contamination Report (and for tip site is being considered);
 - Transport Assessment / Statement;
 - Travel Plan/Statement;
 - Energy Assessment / Renewables;
 - Light & Noise Assessments; and
 - Archaeological Assessment.
- 8.9 The revenue cost risk to the Council is that the centres will not generate the net revenue position projected at each of the centres. However, this has been mitigated by the benchmarking and analysis of the latent demand and current performance and usage the centres are attracting. It is noted that neither Leventhorpe nor Ward Freman are contributing to the overall position. Furthermore as mentioned previously, the developments at Grange Paddocks and the other leisure centre on the Leventhorpe site, the Task and Finish group have considered and agreed the recommendation to explore an exit strategy for management of the School's leisure provision, once Grange

Paddocks has been completed. This would contribute to an improved overall performance and mitigate any risk of not achieving the mature year revenue position.

- 8.10 The Council will still be responsible for the on-going lifecycle costs of the centres and funds should be allocated for this.

9.0 Work stream 3

9.1 During the exploration for future options of the leisure centres and joint use pools it was identified by the Leisure Task and Finish group that there is a need to draft a physical activity strategy for East Herts that would provide a set of principles that could underpin future leisure provision development. The strategy aims to demonstrate our strategic vision and commitment to shaping future physical activity opportunities. This allows us to be clear about our overarching objectives and approach to ensure future provision is appropriate and accessible to all sectors of our community. This work which sits under work stream 3 ran in parallel with the facilities development (works streams 1 and 2) and was presented at the Community Scrutiny Committee for member views ahead of public consultation on 28th March 2017.

9.2 After consultation with key stakeholders the strategy will be submitted to the Executive for endorsement as part of the wider health and well-being agenda.

9.3 Additional work is required to ensure the service specification of the contract includes the promotion of our Health and well-being objectives through physical activity. To this end the Task and Finish group would like to extend its work to the development of key service policy items for the service specification for the leisure operating contract including concessions, community development and health and well-being. **Essential Reference Paper B** provides a proposed terms of reference.

10.0 Conclusion

10.1 The Task and Finish Group felt that the work of the consultants was a thorough analysis of the leisure centre provision in East Herts. The Task and Finish Group wished to emphasise that this represents a major and ambitious step forward in ensuring that East Herts is able to provide high quality, sustainable leisure provision to a growing population that will benefit from participation in sport and physical activity whilst also reducing the revenue deficit to the Council.

10.2 The task and finish group felt it was important to ensure that the Council provided a well-planned and communicated exit strategy for Leventhorpe Pool and Gym and any other joint use facility that may not progress towards the proposed options. Managing the expectations of all stakeholders including residents should be at the forefront of the exit strategy whilst aiming to support the provision of alternative physical activity opportunities.

10.3 It was also felt that a further report should be provided to a scrutiny committee with proposed service policies and requirements. The group has developed a significant understanding of the subject matter over the last 12 months.

Implications/Consultations

Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper A**

Background Papers

N/A

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