

SUPPLEMENTARY AGENDA

5. To receive any petitions submitted by members of the public under paragraph 18 of Part 2 (The Council and District Council Members) of the Constitution.

6. a) COVID-19: Update Report (Replacement page 15)

6. b) COVID-19 Supplementary Estimates (Replacement Page 23)

12. a) White Oak Leisure Centre: New build and operator procurement contract awards:

Reference from Cabinet marked to follow (Replacement page 61)

Briefing note to Cabinet on 16.04.20

Appendix D (Exempt information) marked to follow (Replacement page 103)

To assist in the speedy and efficient despatch of business, Members wishing to obtain factual information on items included on the Agenda are asked to enquire of the appropriate Contact Officer named on a report prior to the day of the meeting.

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PETITIONS FROM MEMBERS OF THE PUBLIC - PETITION FOR KEEP SPORT AT WHITEOAK

Council - 21 April 2020

Report of	Chief Officer Customer & Resources
Status	For Consideration
Key Decision	No

Recommendation to Council: That, in accordance with the Council's Petition Scheme, the Council consider the petition submitted by the lead petitioner, on 21 April 2020 and determine any action that it wishes to take in response.

Introduction and Background

- 1 A petition has submitted been submitted with 2063 confirmed signatures in the following terms:

'We the undersigned petition the council to KEEP SPORT AT WHITE OAK Petition to Cllr Peter Fleming, Leader of Sevenoaks District Council We the undersigned (live, work or study in the district) call on Sevenoaks District Council to: i) Not adopt the council's current plan, ii) Consider adopting an alternative plan, iii) Fully consult with residents and White Oak users on new proposals, iv) Develop a new plan that meets the requirements of residents and White Oak users. Sevenoaks District Council plan to replace the White Oak SPORTs and leisure centre with a small activity centre containing a half size pool, no deep water, no sports hall, no practice hall and less studios/party/meeting rooms. There will be a game of limited age range popularity called TAG Active, which is found alongside bowling alleys, trampoline centres and soft play areas. The new centre is not fit for purpose, is not supported by Sport England and breaches many government and local policies (NPPF). More than 18.

KEEP SPORT AT WHITE OAK

Petition to Cllr Peter Fleming, Leader of Sevenoaks District Council

We the undersigned (live, work or study in the district) call on Sevenoaks District Council to:

- i) Not adopt the council's current plan,
- ii) Consider adopting an alternative plan,
- iii) Fully consult with residents and White Oak users on new proposals,
- iv) Develop a new plan that meets the requirements of residents and White Oak users.

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Sevenoaks District Council plan to replace the White Oak SPORTs and leisure centre with a small activity centre containing a half size pool, no deep water, no sports hall, no practice hall and less studios/party/meeting rooms. There will be a game of limited age range popularity called TAG Active, which is found alongside bowling alleys, trampoline centres and soft play areas.

The new centre is not fit for purpose, is not supported by Sport England and breaches many government and local policies (NPPF). More than 18 sports clubs face closure making 900+ members 'homeless', of which 400+ are young people.

We, the White Oak Clubs Committee, have prepared alternative plans professionally costed at £7.54m and £13.2m compared to the council's £20m. Our plans include space for all or nearly all of the activities and sports currently available and more, and all on the White Oak site.

We believe our plans represent value for the council tax payers money - OUR money.'

- 2 This ePetition and concurrent paper petition ran from 24/02/2020 to 14/04/2020 and has now finished.

The Council's Petition Scheme

- 3 The Council's Petitions Scheme provides for petitions containing more than 1,000 signatures to be debated at full Council and also that petitions which relate to an issue which affects a particular area of the District and have a significant level of support from people who live, work or study in that area are also likely to be debated at a full Council meeting.
- 4 The Council can take whatever action it deems appropriate to respond to the petition which could include referring the petition to Cabinet or any council committee, to commission further investigation or to take no action at all for reasons put forward in the debate.

Key Implications

Financial

Any financial implications would depend any action taken.

Legal Implications and Risk Assessment Statement.

None directly arising from this report.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users

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Item 6a - COVID-19: Update Report

The attached report was considered by the Cabinet on 16 April 2020.
The relevant Minute extract is below.

Cabinet (16 April 2020, Minute 77)

Members considered the report by the Chief Executive which detailed how the Council had adapted quickly to continue to deliver the services on which residents and local business relied. The Council had provided additional services to support people most in need and had responded in full to the demands placed on the Council by Central Government.

The Chief Executive set out that Business Impact Assessments had been completed for all services and that the Strategic Management Team and Cabinet Members had worked together to establish a list of priority services essential to the COVID-19 response. The functions of Dunbrik had been prioritised and it was notable that the green waste service was continuing.

The Council had played an important role in supporting business, writing to 4,000 businesses in the District in relation to business rate relief and business rate holidays. This was allied to effective support to residents through the suspension of parking charges, provision of the HERO service and the development of a volunteer support scheme. Priority support had been delivered to the proportion of the 1.5m people the Government had identified as at extreme risk.

The Council had also worked hard to signpost businesses and residents to support delivered by other bodies such as KCC.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That the report be noted.

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Item 6b - COVID-19 Supplementary Estimates

The attached report was considered by the Cabinet on 16 April 2020.
The relevant Minute extract is below.

Cabinet (16 April 2020, Minute 79)

The Chief Officer Finance and Trading presented the report which sought amendments to the budget agreed by Council on 25 February 2020, due to the impact of the current pandemic.

He advised that the report was linked to the report on urgency decisions as they both related to the same three items which had not gone through the normal approval processes due to their urgency as part of the response to the Covid-19 pandemic.

He advised that from the Budget Stabilisation Reserve a total of £858,000 would be removed and £758,000 would be used to fund the temporary suspension of car parking charges along with £100,000 to support vulnerable people and communities. The Budget Stabilisation Reserve was used to support the balanced 10-year budget and by reducing the reserve, further budget decisions could be required as part of the next budget setting process to ensure a balanced 10-year budget.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That it be recommended to Council that supplementary estimates of £758,000 for suspension of car parking charges and £100,000 to support vulnerable people and communities funded from the Budget Stabilisation Reserve, be agreed.

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Item 12a - White Oak Leisure Centre: New Build and operator procurement

The attached report was considered by the Cabinet on 16 April 2020. The relevant Minute extract is below and attached is the briefing note also received by Cabinet.

Cabinet (16 April 2020, Minute 86)

The Portfolio Holder for People & Places asked Members to consider the report which sought approval, to construct a new leisure centre, demolition of the existing White Oak Leisure Centre and to appoint a leisure operator for the new centre. Members' attention was brought to the supplementary agenda published that day.

The Chief Officer for People & Places explained that the report also sought approval to use income from the operator and the proceeds of identified Council-owned developments in Swanley to fund the costs of the works.

The report set out the need for the Centre, the proposed facility mix and programme for the works. It included the detailed costings and funding sources. Planning permission had been granted on 13 February 2020. The construction of the new leisure centre and demolition of the existing leisure centre cost, together with fees and charges, was due to be £20m, if the works contractor was appointed by May 2020. A delay of one year would represent an increase in cost of some £919,000 using the BCIS All-in Tender Price Index. However, progressing the project as planned with additional construction safety measures introduced by the Government in place, would minimise any financial impact and risk, but would see the Phase 1 completion of date of November 2021 put back by approximately 12 weeks.

The report also sought approval to provide some enhancements to the Orchards Academy sports hall in Swanley to accommodate sports clubs who need a 4 court sports hall.

Funding sources for the scheme were planned to be a combination of:

- Community Infrastructure Levy (CIL) funding;
- Capital receipts from several Council owned assets in Swanley;
- External borrowing;
- External funding paid for by income from the operator of the new leisure centre.

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The proposed design of the new leisure centre, included a Tag Active zone, multi-purpose rooms, a pool, café, soft play area and parking provisions for 144 vehicles and two coach spaces. There was a focus on making the building as flexible as possible in its use.

Following a three stage procurement process, the preferred operator was Sport and Leisure Management (SLM). If approved the contract award net payment to the Council would be £508,248 a year on average.

The Chief Officer Finance and Trading mentioned that the current uncertainty in the property market due to COVID-19 may have an impact on the level of capital receipts achieved from the disposal and development of the intended sites which may result in alternative funding sources being required.

The report had also been considered by the Improvement and Innovation Advisory Committee and the People and Places Advisory Committee and had put forward their comments to Cabinet. These comments were also circulated to the Finance and Investment Advisory Committee.

Note: The meeting was formally adjourned at 8.00pm and reconvened at 8.05pm in order to allow Members to show their appreciation of the NHS and all Key Workers involved in the COVID-19 response.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That it be recommended to Council to

- a) enter into a Development Management Agreement with Alliance Leisure Services Limited (ALS) for the construction of a new leisure centre and demolition of the existing White Oak Leisure Centre, at a cost of £19,852,464 including improvements to the 4 court sports hall at Orchards Academy; in addition, the sum of £147,536 to be used by the Council for any ancillary work outside the ALS contract, making a project total of £20m as set out in Table 3;
- b) enter into a Leisure Operating Contract with Sport and Leisure Management Ltd (SLM), the preferred operator, to operate the new White Oak Leisure Centre providing income of £7.623m over 15 years. The income from that Leisure Operating Contract is to be used to service the loan taken out for the purposes of building the leisure centre;
- c) approve the development and subsequent disposal of sites in Swanley as set out in paragraph 53, the proceeds of which will be earmarked within the Council's capital receipts to fund the cost of the leisure centre;

d) approve the funding for the scheme as follows:

- i) CIL funding £0.9m
- ii) Capital receipts £10.63m
- iii) External borrowing £8.0m
- iv) Total £19.53m

To note the split of funding may change due to actual development and disposal proceeds and the cost of borrowing at the time loans are taken out and that additional funding may be required if the above amounts were not achieved; and

e) delegate authority to the Chief Executive in consultation with the Leader of the Council to make necessary changes to the Development Management Agreement with Alliance Leisure Services (ALS), to the Leisure Operating Contract and to the funding of the project provided that such changes do not place any financial burden on the Council other than the use of those sources mentioned in this report.

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**Briefing Note for Cabinet
16th April 2020**

White Oak Leisure Centre (WOLC) project: impact of Covid-19

1. In light of Covid-19, the WOLC project team has been in ongoing dialogue with Alliance Leisure Services Limited (ALS), ISG and Sport and Leisure Management Limited (SLM).
2. Works on site are not due to commence until 26 May 2020. However, it is clear at this early stage that there will be a cost and likely programme impact as a result of restrictions that have been put in place by the Government for the construction industry. Government has been clear that the construction industry should continue to work, but must do so within the safety guidelines issued.
3. As part of the project's risk assessment, the project team has also considered the impact of Covid-19 on the project's financing and the contract with the preferred leisure operator (SLM).
4. The options available for consideration are:

Option 1: Delay the project

Option 2: Progress the project as planned

Option 3: Terminate the project

5. Option 1: Delay the project

This option is based on delaying the site start (26 May 2020) and details the inflation impact on the construction costs only. This is based on the Building Cost Information Service (BCIS), General Building Cost Index guidance, forecast as at 31 March 2020.

The overall impact on the development cost is calculated on a quarterly basis sliding scale. This will lead to construction inflation implications the first quarter of an estimated £190,696 - this excludes professional fees and other costs. The Council would take on these costs.

If the site start was delayed by a further quarter, the inflation cost increase would be an additional £243,276. Again, the Council would be liable for this cost.

This will impact the overall programme timescales outlined in the Cabinet report. The Council has a contingency budget in place to support this cost, but the identified costs would significantly impact this budget.

6. Option 2: Progress the project as planned

A full assessment of risk has been undertaken, which would bring in safety measures to ensure all construction staff can work safely and that there is no risk to the wider community.

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The contractors will start onsite as per the current programme on 26 May 2020 with Covid-19 control measures in place including additional welfare facilities, cleaning and Public Protection Equipment (PPE) and a compound cleaner and marshal.

This will cost the Council an additional £76,500 based on 52 weeks. After this period, ALS has agreed with ISG (the developer) that they will take on costs. However, at this stage, ALS has suggested that the control measures may only need to be in place for 12 weeks, therefore, the Council would be charged on a pro-rata basis.

This is likely to impact the overall programme timescales as the initial pace of construction work will be slower as a result of the control measures brought into play. Therefore, the Phase 1 of construction which is due to be completed by November 2021, may be put back by up to 12 weeks.

SLM (the leisure operator) has advised that they would wish the contract date to remain as per the current programme, but noting that there will be a delay to the centre opening (originally proposed for November 2021), which will create a 3 month loss of initial income. However, they have tasked their legal counsel and Regional Director to review the delay clause in the contract. Although any delay will impact the income for the first year, SLM consider it will be minimal, suggesting that a January/February 2022 opening would be preferable as the leisure industry always sees increased customer football/usage within the first few months of any new year.

Option 2 would impact the Council less financially and ensure the project is progressed. The Council has a contingency budget in place to support this cost.

The construction contractor and the preferred leisure operator are in favour of Option 2.

7. Option 3: Terminate the project

If the project is terminated, the Council would need to keep the centre open and operational.

Due to its age and condition, the existing centre has now reached the end of its serviceable life. Based on costs previously provided by the Council's Facilities Management team, it would cost in the region of £1.7 million over the next few years to keep the building running. This would purely be spent on remedial works to maintain the building.

The Council has already spent £550,000 (approved by Council on 26/02/19) as part of the Capital Programme to develop the new White Oak Leisure Centre scheme design, undertake site surveys and planning application submission to the pre-construction stage of Cost Certainty.

8. Funding sources

- 8.1 In regards to the construction interest costs, extending it by 3 months would be minimal in terms of interest costs, but the Council would need to review and update borrowing cost estimates at the time depending on lending and borrowing rates at the time we need to fund the construction phase.
- 8.2 The total borrowing position is unchanged from the position we have disclosed in the report (see point 55 in the report). The Public Works Loan Board (PWLB) borrowing interest rates change daily (they can go up and down), therefore the cost would be set on the day we borrow, but we do have some flexibility as to when we take the loan out.
- 8.3 Savills, who undertook the independent development appraisals, which have informed the capital receipts estimates within the report, have stated that their values remain unchanged, but there is material uncertainty over those values as a result of Covid-19.
- 8.4 Clearly, the market has never experienced an incident such as Covid-19 before. The lockdown on economic activity as a result of Covid-19 has led to an uncertain economic outlook and much of the property market has been shut-down. The lack of evidence of transactions in the market place has led to property valuations being issued with a warning that there is material uncertainty about the valuation. For example, the Council's property valuers, Wilkes Head & Eve, have issued such a warning on this year's property asset valuations on both commercial and residential properties. A bulletin issued by Savills entitled: "Coronavirus and the UK housing market", dated 26 March 2020, comments that residential values could fall by 5% to 10% on very thin transactions in the second quarter 2020 and that the outlook after that will depend on the state of the wider economy.
- 8.5 Therefore, as things stand, there is material uncertainty about the estimated capital receipts to be received from the Swanley developments and this will last for 3 months at least, possibly into next year. However, three out of the five sites (those that contribute c.95% of capital receipts) are not due to be delivered for another 2-5 years and the remaining two sites could be delivered slowly to see how things progress economically (the largest of these, 27-37 High Street, Swanley is not due to go to planning committee until May 2020).
- 8.6 To mitigate any risk, there will need to be careful development of the sites to maximise returns. The current funding model has some flexibility regarding funding sources but it should be recognised that any significant changes may have other impacts on the Council's finances.

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