

27 February 2020 at 7.00 pm

Conference Room, Argyle Road, Sevenoaks

Despatched: 19.02.20



Improvement & Innovation Advisory Committee

Membership:

Chairman, Cllr. Fleming; Vice-Chairman, Cllr. Bayley
Cllrs. Abraham, Andrews, Clayton, Esler, Eyre, Hogarth, Maskell, McGregor, Nelson
and Waterton

Agenda

There are no fire drills planned. If the fire alarm is activated, which is a continuous siren with a flashing red light, please leave the building immediately, following the fire exit signs.

	Pages	Contact
Apologies for Absence		
1. Minutes To agree minutes of the meeting of the Advisory Committee held on 28 November 2019, as a correct record.	(Pages 1 - 4)	
2. Declarations of interest Any declarations not already registered.		
3. Actions form previous meeting (if any)		
4. Update from Portfolio Holder		
5. Referral from Cabinet or the Audit Committee (if any)		
6. Corporate Peer Challenge	(Pages 5 - 8)	Lee Banks Tel: 01732 227161
7. Economic Development Strategy Delivery Plan Monitoring	(Pages 9 - 26)	Emily Haswell Tel: 01732227261
8. Work plan	(Pages 27 - 28)	
9. White Oak Leisure Centre: New Build and operator procurement (For Appendices C & D see below)	(Pages 29 - 70)	Lesley Bowles Tel: 01732 227335

EXEMPT INFORMATION

Consideration of Exempt Information

Recommendation: That, under section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting when considering Appendices C and D of Agenda Item 9 above, on the grounds that likely disclosure of exempt information is involved as defined by Schedule 12A, paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)).

If you wish to obtain further factual information on any of the agenda items listed above, please contact the named officer prior to the day of the meeting.

Should you need this agenda or any of the reports in a different format, or have any other queries concerning this agenda or the meeting please contact Democratic Services on 01732 227000 or democratic.services@sevenoaks.gov.uk.

IMPROVEMENT & INNOVATION ADVISORY COMMITTEE

Minutes of the meeting held on 28 November 2019 commencing at 7.00 pm

Present: Cllr. Fleming (Chairman)

Cllr. Bayley (Vice Chairman)

Cllrs. Abraham, Andrews, Bayley, Clayton, Esler, Eyre, Maskell and
McGregor

Apologies for absence were received from Cllrs. Hogarth and Waterton

20. Minutes

Resolved: That the Minutes of the meeting of the Improvement and Innovation Advisory Committee held on 3 October 2019, be approved and signed by the Chairman as a correct record.

21. Declarations of interest

There were no additional declarations of interest.

22. Actions form previous meeting

There were none.

23. Update from Portfolio Holder

The Portfolio Holder, and Chairman, reported that there had been two new appointments: the new Chief Officer People & Places, Sarah Robson, and new Head of Direct Services. The new Chief Officer People & Places, starting in February, had experience in customer design in housing. The new Head of Direct Services, Trevor Kennett, had started this week and had experience in developing in cab technology. The Portfolio Holder hoped that this experience from the Officers would be valuable for developing innovations.

He reported that the District Council was in the process of appointing a new Strategic Head of Commercial & Property. It was noted that projects had not been delayed during the appointments process as there were experienced Officers in place.

24. Referral from Cabinet or the Audit Committee

There were none.

25. Communications Strategy

The Head of Transformation & Strategy presented the report which advised that, following a Communications Review by a Peer team from the Local Government Association, a key recommendation identified was to 'embed additional strategic communications resources and communications skill into the communications team'. The work to support the Communications Team was focused on delivering a new Communications Strategy and improved ways of working to deliver that strategy effectively. This involved the adoption of a 'campaigns-based' approach to communication. The draft strategy was set out as Appendix A to the report.

Members suggested that there should be a clear message at the beginning that continued throughout the strategy. Members were encouraged to send their comments on the Communications Strategy to the Head of Transformation & Strategy.

Resolved: That the comments be noted

26. LG Inform

The Head of Transformation & Strategy presented the report which explained that there were two services, LG Inform and LG Inform Plus, provided by the Local Government Association which enabled Members, Officers and residents to access data and information about public services.

He gave a presentation which demonstrated how the sites can be used to help Members in their roles. He tabled a [report](#) which provided a summary of the latest available information on the demographic and socio-economic make-up on the 26 wards in the district, demonstrating the use of LG Inform Plus.

Members suggested the provision of training sessions for Members to learn how to use LG Inform.

Resolved: That

- a) a series of training sessions be set up for Members on LG Inform and LG Inform Plus; and
- b) the report and presentation be noted

27. Capital Projects & Regeneration

The Portfolio Holder, and Chairman, presented the report which updated Members on the proposed redevelopment of White Oak Leisure Centre. The planning application had been submitted on 18 October 2019 and validated on 29 October. The planning application was currently open for comments until 22 November 2019 with a decision on the application was due in the new year. He advised there had been progress on both the development of Burlington Mews in Sevenoaks Town and the proposals for Meeting Point in Swanley.

Agenda Item 1

Improvement & Innovation Advisory Committee - 28 November 2019

Since the writing of the report, Members had visited the Burlington Mews site. In response to questions, the Portfolio Holder advised that the development was on schedule and on budget.

Members discussed the proposed redevelopment of White Oak Leisure Centre, including the displacement of groups to other centres and the maintenance of the building.

Resolved: That the report be noted.

28. Work plan

The work plan was noted.

THE MEETING WAS CONCLUDED AT 8.30 PM

CHAIRMAN

Agenda Item 1
Improvement & Innovation Advisory Committee - 28 November 2019

CORPORATE PEER CHALLENGE

Improvement & Innovation Advisory Committee - 27 February 2020

Report of Chief Executive

Status For information

Key Decision No

Portfolio Holder Cllr. Peter Fleming

Contact Officer Lee Banks, Ext. 7161

Recommendation to Improvement & Innovation Advisory Committee:

That the proposal to undertake a Corporate Peer Challenge in September this year is noted.

Reason for recommendation: To ensure that Members of the Advisory Committee are informed of the proposal to undertake a Corporate Peer Challenge.

Introduction and Background

- 1 Corporate Peer Challenges are provided by the Local Government Association (LGA). They are a core element of the sector-led improvement offer to local authorities.
- 2 Peer challenges are managed and delivered by the sector for the sector. They are improvement focused and the scope is agreed with the council and tailored to reflect local needs and specific requirements.
- 3 Peer challenge is not an inspection, it is a tool for improvement. The council's specific needs, the areas it wants to focus on, the makeup of the team and the results it wants to achieve are all discussed and agreed in advance.

Sevenoaks District Council Peer Challenge

- 4 The Council's last Corporate Peer Challenge took place in December 2013. There were a significant number of positive messages within the findings of the Peer Challenge Team, who summarised it at the time as the Council's success was built on a strong foundation from a planned, determined and sustained focus on doing the right things very well.
- 5 The Council has agreed with that its next Corporate Peer Challenge will take place from 21-23 September this year.

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- 6 All Corporate Peer Challenges have core components, which focus on the following areas.
- **Understanding of the local place and priority setting:** Does the council understand its local context and place and use that to inform a clear vision and set of priorities?
 - **Leadership of Place:** Does the council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?
 - **Organisational leadership and governance:** Is there effective political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change and transformation to be implemented?
 - **Financial planning and viability:** Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
 - **Capacity to deliver:** Is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?
- 7 There is also significant flexibility to enable the peer challenge to focus on priorities, outcomes and ambitions which are important locally. In recent reviews of other organisations these have included area such as customer focus, use of technology in the delivery of efficient and excellent services and a view on the Council's activities to achieve its economic development ambitions for the district.
- 8 The additional areas the Council will chose to include in its Corporate Peer Challenge will be considered over the coming weeks and need to be concluded by the end of April. This will enable a Peer Team to be requested that have the necessary skills and experience to deliver the Council's Peer Challenge.
- 9 The Peer Challenge team will consist of four colleagues from local government, including a Member Peer and a Chief Executive Peer, and a Peer Challenge Manager from the team at the LGA.

Preparing for and undertaking a Peer Challenge

- 10 The Peer Challenge Team will be provided with information about the Council, its priorities and its progress in advance of arriving on site at the Council.
- 11 Whilst onsite the Peer Team will meet with a number of Members, Officers and potentially partners and other stakeholders. Those discussions will inform their view on the Council's progress and enable them to identify the

Council's strengths and any areas where they could recommend actions for improvement.

- 12 It is likely that before the Peer Team leave the Council they will be in a position to provide informal feedback on their findings. This will be followed by a short report on their work, findings and any recommendations for the Council.

Other Options Considered and/or Rejected

None.

Key Implications

Financial

There are no financial implications arising from this report.

Legal Implications and Risk Assessment Statement.

There are no legal and risk implications arising from this report.

Equality Assessment

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

Conclusions

This report informs Members of the Council's proposal for a Corporate Peer Challenge to be held between 21 and 23 September this year.

It summarises the core components of a Peer Challenge and explains that the Council has the flexibility to request additional focus areas for the review that are reflective of local priorities.

Appendices None

Background Papers LGA Peer Challenge Letter - December 2013

<https://cds.sevenoaks.gov.uk/documents/s15626/14%20-%20Appendix%20A%20-%20LGA%20Peer%20Challenge%20Letter.pdf?J=5>

Dr Pav Ramewal
Chief Officer Corporate Services

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ECONOMIC DEVELOPMENT STRATEGY DELIVERY PLAN MONITORING

Improvement and Innovation Committee Meeting - 27 February 2020

Report of	Sarah Robson - Chief Officer People and Places
Status	For information
Also considered by	People and Places Advisory Committee - 3 March 2020 Cabinet - 5 March 2020
Key Decision	No

Executive Summary: The monitoring report summarises the performance of the targets in the 2018-2021 Economic Development Strategy. The performance targets are 86% green, 14% Amber with 0% Red.

This report supports the Key Aim of “Build on the District’s thriving economy through the regeneration of our market towns, and by enhancing both the visitor and rural economies” and “Support new and existing businesses through our ‘Team Around Your Business’ approach” from ‘Our promises’ The Council plan. It also supports the priorities in the Dynamic Economy section of the Community Plan.

Portfolio Holder Cllr. Peter Fleming

Contact Officer Emily Haswell - Economic Development Officer, Ext.7261

Recommendation to Improvement & Innovation Advisory Committee:

To note the progress to date on the Economic Development Strategy delivery plan.

Recommendation to People & Places Advisory Committee:

To note the progress to date on the Economic Development Strategy delivery plan.

Recommendation to Cabinet:

To note the progress to date on the Economic Development Strategy delivery plan.

Reason for recommendation: Delivery of the Economic Development Strategy is progressing well against the delivery plan.

Agenda Item 7

Introduction and Background

- 1 The Economic Development Strategy 2018-2021 was adopted following a comprehensive consultation including residents and businesses. Work began on delivery of the strategy in January 2019. The strategy was designed to have flexibility to adapt actions to respond to economic changes and the needs of business customers.
- 2 The Sevenoaks District economy continues to perform well. The 2019 Business Count (NOMIS) listed 6770 enterprises in Sevenoaks District with 90.8% of these in the micro business category (0-9 employees). Business survival rates in 2018 Sevenoaks District remained slightly higher than the Kent and UK averages. Skills levels are varied with 32% of the population (aged 16+) with level 4 and above skills contrasting with 19% with no skills.
- 3 A summary of progress with delivery of the strategy is given below under the 5 themes set out in the Economic Development Strategy 2018-2021, with monitoring information provided in Appendix A.
- 4 **Theme 1 - Growth and Investment** aims to support the regeneration of our key market towns, enabling viable and vibrant town centres that provide employment and retail opportunities for all. The measure of employment floor space shows a small decline in availability of floorspace highlighting the challenge to provide space for employment in the District. We are working to support retailers in town centres and rural areas and encouraging a new mix of services to develop within our high streets. Progress against this objective is good with more work to be done to provide additional support for retailers in partnership with the West Kent Partnership. We are currently supporting the feasibility work for potential meanwhile use and workhub initiatives in both a rural and town centre location to provide business space to stimulate entrepreneurship.
- 5 **Theme 2 - Infrastructure** aims to stimulate infrastructure and improvements in our District. Whilst infrastructure takes time to change and is in many cases outside of the control of the District Council, we have a key influencing role and have worked with partners to help them understand the issues. For example mapping work has taken place to better understand the areas of the District with particular broadband issues, support for improving these areas is available from the County Council. The measure shows that broadband speeds within the District are improving, our work will continue to provide information to those communities seeking solutions to improve their connectivity. The project to renovate Swanley Station will provide substantial investment to create a station better suited to the future needs of the town.
- 6 **Theme 3 - Visitor Economy** - Aims to engage with and support the Visitor Economy sector. Tourism is a key sector within the Sevenoaks economy, with a growing number of visitors and providing 10% of the Districts employment. The Darent Valley Community Rail Partnership has been established to help promote the area to visitors, residents and businesses encouraging sustainable travel. The Visitor Economy forum has also be

established providing a sector led approach to promotion of tourism in Sevenoaks District.

- 7 **Theme 4 - Skills.** The Sevenoaks economy has a high percentage of highly skilled people with over 38% qualified to NVQ level 4 and above and relatively low unemployment compared to neighbouring areas, yet 19% of the population have no qualifications. There are however still challenges to provide employment opportunities for all and to retain and encourage skills development within the District to ensure skilled labour is available for the businesses and key sectors within the District. Working jointly with the West Kent Partnership and Job centre plus we have run a successful series of jobs fairs in the area - the September event in Tunbridge Wells saw 283 job seekers attend with at least 9 confirmed job hires following the event. Working with young people via the West Kent Enterprise Advisor Network and the Sevenoaks supported internship project will continue to ensure that young people have opportunities to meet businesses and a greater understanding of the skills required for work.
- 8 **Theme 5 - Enterprise.** Working with businesses to ensure Sevenoaks District continues to be a place where businesses can prosper and grow. The Economic Development team has a positive image and relationship with businesses in the District providing business support, advice and Team Around Your Business assistance. Much work takes place around this objective to ensure that we continue to meet and engage with businesses in the District so we can fully understand their needs and target support to these.
- 9 In conclusion the Economic Development Strategy continues to report positive progress in all of the thematic areas. Monitoring of the delivery of the strategy indicates that 86% of the targets are green meaning that they have been achieved or are on track to achieve and 14% amber indicating that further work needs to continue to ensure these actions are on track. Members are therefore asked to note the contents of the monitoring report in Appendix A.

Key Implications

Financial

There are no financial implications for the delivery of the strategy which is resourced through the Economic Development budget and by working in partnership with other organisations

Legal Implications and Risk Assessment Statement.

There are no legal implications for delivery of the Economic Development Strategy Action Plan

Agenda Item 7

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 ends users.

Appendices

Appendix A - Economic Development Strategy
Delivery Plan Monitoring Jan 2019 - Dec 2019

Background Papers

[Economic Development Strategy 2018 - 2021](#)

Sarah Robson

Chief Officer People and Places

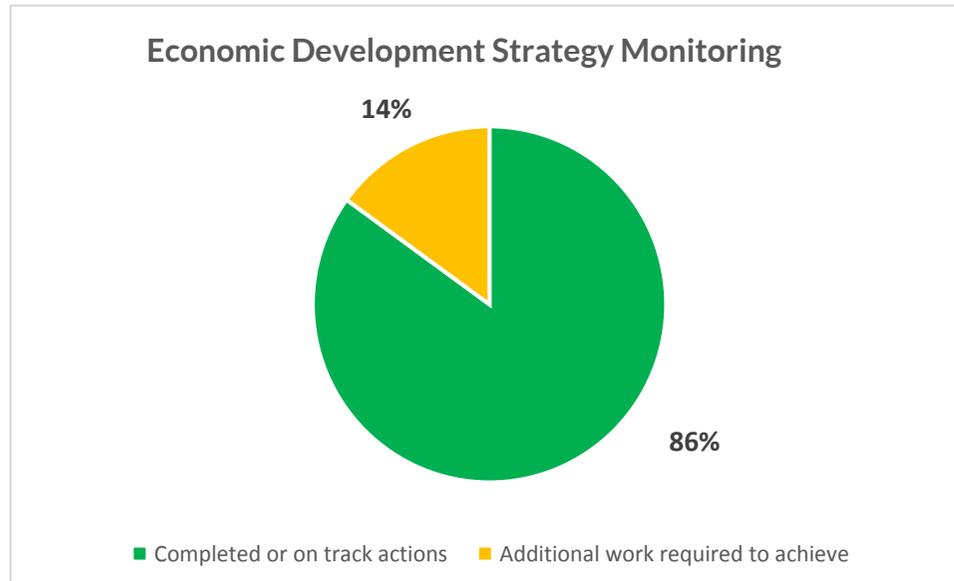
Economic Development Strategy Delivery Plan Monitoring Report January 2019 – December 2019

The Economic Development Strategy 2018-2021 was adopted in January 2019, the strategy provides a framework for the Council’s work on Economic Development and supports the ‘Economy’ promises in The Council plan and the Community plan objectives to create a dynamic economy. The strategy has 5 key themes of Growth and Investment, Infrastructure, Visitor Economy, Skills and Enterprise. There are 3 areas of common interest across these which are Innovation and Technology, Rural Economy and Sustainability.

There has been much progress within the first year of delivery of the strategy, the detail of which is covered in the attached monitoring report.

As Chart 1 below shows , the monitoring report indicates that 86% of actions are Green (complete or that work is well on track to complete). 14% of actions are Amber (more work to do to complete these tasks). At the current time no actions are listed as red (In danger of not being achieved).

Chart 1



Theme 1: Growth and investment

Regeneration of our key market towns enabling viable and vibrant town centres that provide employment and retail opportunities for all.

Challenges:

- *Loss of employment sites through permitted development*
- *Changes in retail sector*
- *Quality of employment and retail space*

Measures:

- *Employment floor space ;*

2017/18 Net loss of 7797 Sqm of employment floor space across the District compared to the previous years figure of 12,605 .

This loss of employment space in the District highlights the challenges faced in providing space for businesses and encouraging growth and investment.

(Results from AMR – data for 2018/19 not available until Spring 2020)

Theme 1: Growth and Investment

Strategy Action	Activity	Key partners	Progress	Next Steps	RAG rating
1.1 Encourage diversification of use in town centres	1.1a Meanwhile use of buildings encouraged		2 nd floor studios operating creative businesses working space as a meanwhile use of 96 High Street, Sevenoaks.	Work to encourage meanwhile uses on other development sites.	
	1.1b Workhubs encouraged in the District	Workhub providers / Locate in Kent	Planning application for Swanley Workhub submitted early 2020	Delivery of workhub in Swanley. Rural workhubs and co-working to be encouraged and supported.	
1.2 Secure investment and regeneration in towns and large villages	1.2a Better facilities and support for town centre businesses		Sevenoaks Town Car Park completed providing an extra 200 car parking spaces to support business in the town.	Continue to liaise with retailers about support requirements.	
	1.2b Support for town centre businesses to be successful	West Kent Partnership	Regular liaison with Sevenoaks District Chamber of Commerce and retailers.	West Kent Partnership retailers Business Support Programme scoped and delivered.	
	1.2c Support for rural businesses.	West Kent Partnership	Support programme promoted to 28 rural village shops in Sevenoaks District.	Work with West Kent Partnership to develop a Business Support programme appropriate to retailers' needs	
	1.2d Improve awareness and visibility of town centre businesses		Made in Sevenoaks and shop local articles included in InShape magazine.	Promotion of business support programmes and Team Around Your Business service to retailers.	
Strategy Action	Activity	Key partners	Progress	Next Steps	RAG rating

	1.2e Encourage residents to 'shop local' and engage with local businesses.	Small Business Saturday UK Team	As part of the Small Business Saturday campaign, the Small Business Saturday bus visited Sevenoaks town centre on 28 th November. Approximately 15 businesses attended this one hour visited which was shared on social media. An example of one tweet having 2278 impressions and 62 engagements. The event was also shared on facebook and LinkedIn and by the Small Business Saturday team.	Build 2020 Shop local campaign with key partners	
	1.2f Encourage businesses to locate within the District	Locate In Kent	Regular meetings regarding potential sites and businesses wanting to invest in Sevenoaks District	Working with Co-Working group to ensure new workhub developments are promoted.	

Improving Infrastructure to serve our communities including broadband, mobile telephony, road, rail and air links, health and education.

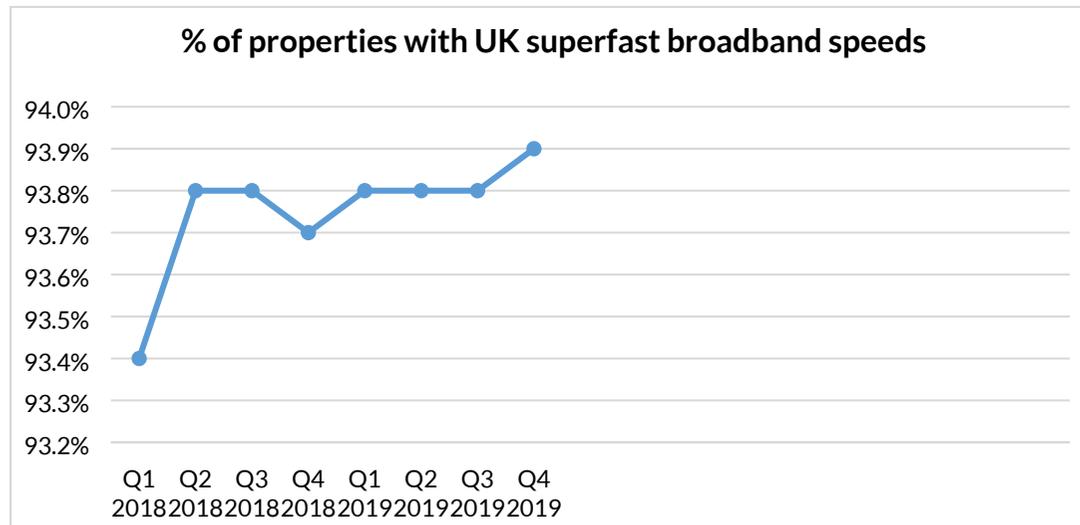
Challenges:

- Funding
- Planning

Measures:

- Broadband Speed and access

Chart 2



(figures from Think Broadband for properties receiving 30Mbps)

(compared to UK wide figure of 96% UK superfast)

Strategy Action	Activity	Key partners	Progress	Next Steps	RAG rating
2.1 Mapping need and priority of broadband provision	2.1a. Complete mapping of broadband coverage in the District	KCC	District Mapping exercise completed providing areas to focus support.	Continue to work with KCC to promote schemes to support Community fibre partnership development.	
2.2 Securing funding	2.2a Funding secured for Swanley Station redevelopment project	KCC/ Southeastern / Network rail	Project funding of £2.25mn secured for Swanley Station redevelopment project with work to commence early 2020	Attend project steering group meetings to ensure smooth completion of project.	
	2.2b Feasibility study for alternative connection bridge to connect Swanley North and South Side	KCC/ Southeastern / Network rail	Southeastern have agreed to provide high level feasibility work. Further information is expected to be available in Spring 2020.	Identify funding for further more detailed feasibility work if appropriate.	

Theme 3: Visitor Economy

Engaging with and supporting the Visitor Economy sector, local food producers and arts and culture venues to maintain Sevenoaks District as a key destination for visitors.

Challenges:

- *Limited visitor accommodation*
- *Capacity of individual destinations*
- *Increasing visitor ‘stay’ and ‘dwell’ time*

Measures:

- *Visitor numbers*
- *Visitor spend*

	2015	2017
Total Number of trips (day & Staying)	3939000	4272000
Total Visitor Spend	180213000	189974000
Total actual Tourism related employment	5032	5287

Figures from Visit Kent Report - Economic Impact of Tourism – 2017 (figures based on 2015) and 2019 (figures based on 2017)

Theme 3: Visitor Economy

Strategy Action	Activity	Key partners	Progress	Next Steps	RAG rating
3.1 Supporting sector led initiatives	3.1a Darent Valley Community Rail Partnership (DVCRP)		Implementation of DVCRP is well underway. This includes Sevenoaks, Bat and Ball, Otford, Shoreham, Eynsford and Swanley Stations. The purpose of the CRP is to support economic growth and enable visitors and residents alike to access sustainable travel.	Continue to progress partnerships and develop actions for DVCRP	
	3.1b Visitor Economy forum	VE forum	Sector led group established and meeting regularly to discuss the challenges and opportunities for Sevenoaks Visitor Economy	Continue to support the group through regular meetings and informed discussions	
3.2 Working with Visit Kent, Produced in Kent to maximise promotion	3.2a Gateway Gatwick Group	Gateway Gatwick Group	London Gatwick pilot project to highlight West Kent (includes TMBC, TWBC, Surrey and East and West Sussex). The group helps inbound visitors to 'Discover whats on Gatwick's doorstep'	Continue to work with Gateway Gatwick group to set future strategy and delivery.	
	3.2b Encourage visitors to Sevenoaks District and attractions		Ensure that Sevenoaks District is effectively promoted as a tourism destination.	Consider the best ongoing strategy to support and promote Sevenoaks	

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Theme 4: Skills

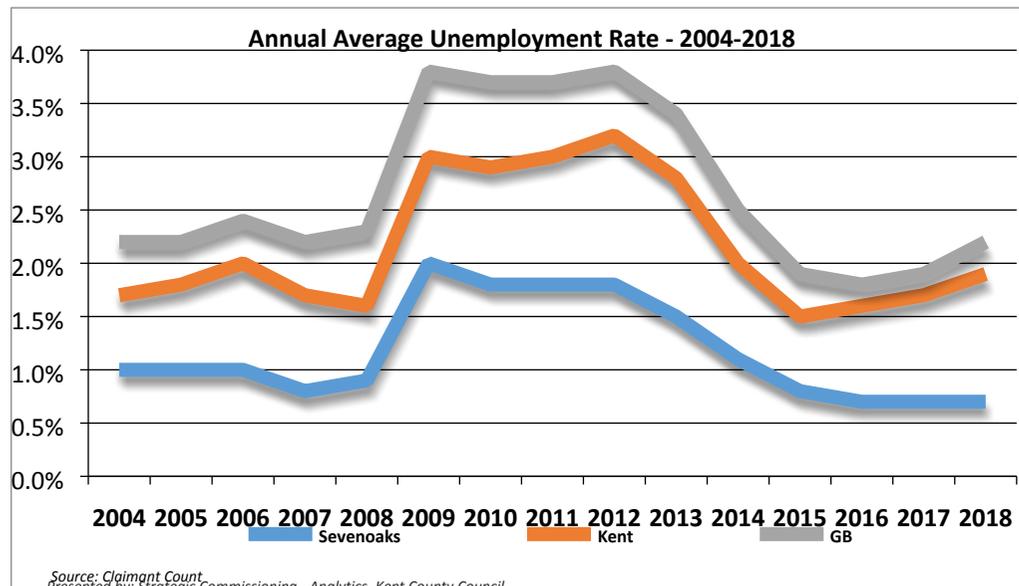
Ensuring residents and businesses can gain the skills they require to sustain a prosperous District, including supporting young people into employment and lifelong learning and training.

Challenges:

- Improvement of qualifications and skills
- Low wages

Measures:

- Unemployment Statistics – Chart 3 (below) indicates the Sevenoaks Annual Average Unemployment rate compared to Kent and the GB average



Theme 4: Skills

Strategy Action	Activity	Key partners	Progress	Next Steps	RAG rating
4.1 Partnership working with education and training providers	4.1a Supporting events to assist job seekers	JCP/ HA's / WKP	Successful West Kent Jobs fairs completed March 2019 and September 2019 with Job Centre Plus. September event welcomed over 280 job seekers with 9 confirmed job hires as a direct result of the event.	Ensure success of Job Centre Plus jobs fair – 5 th March 2020 in Sevenoaks	
	4.1b Sevenoaks support internship programme	Broomhill Bank School	Supported interns working at SDC from Broomhill Bank school with support of work coach.	Promote the successful programme to local organisations as an example of good practice with a view to increasing the scheme.	
	4.1c Working with job partners to provide opportunities for those out of work	JCP / HA/ SDC skills group	Encourage events to promote work skills to those currently out of work.	Provide venue and support for events to take place	
4.2 West Kent Enterprise Adviser network	4.2a Support delivery of successful Skillsfest event to provide careers advice to young people in schools	EAN steering group / schools / WKED officers	Successful Skillsfest event delivered October 2019.	Attend steering group meetings as required to assist with delivery of 2020 event. Skillsfest model to be rolled out across Kent	
	4.2b Support Enterprise Advisor network in Sevenoaks	WKP / EAN	Funding through West Kent Partnership to successfully set up and run the West Kent Enterprise Advisor Network. Enterprise advisors link to guilds programme engaging with key skills sectors in County.	Continue to be involved in EAN steering group and to promote and support EC's with business contacts and potential EA's and attend meetings jointly as required.	

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Working with businesses to ensure Sevenoaks District continues to be a place where businesses can prosper and grow.

Challenges:

- *New Technologies*
- *Networks*
- *Workspace*

Measures:

- *Number of businesses*

Number of VAT and/or PAYE based enterprises in Sevenoaks 2019

No of employees	Number of Sevenoaks Businesses
0-4	5420
5-9	730
10-19	345
20-49	165
50 -99	55
100-249	30
250+	25
	6770

Data from ONS (2019)

Theme 5: Enterprise

Strategy Action	Activity	Key partners	Progress	Next Steps	RAG rating
5.1 Communication	5.1a Ensure economic development and business articles are regularly included in InShape		InShape issues have included articles on Team Around Your Business, Made in Sevenoaks and shop local.	Work with communications team to ensure relevant articles are produced regularly.	
	5.1b Economic Development is engaging businesses using social media		Communications plan developed to maximise impact of social media channels. Twitter average of 5130 impressions per month currently 1418 followers.	Produced regular content and monitor channels to continue to provide useful information to businesses and promote support available.	
5.2 Advocacy and Networks	5.2a Maintain positive relationship with Sevenoaks District Chamber of Commerce	Sevenoaks District Chamber of Commerce	Regular catch up meetings take place with chamber. Regular attendance at chamber networking meetings to meet and support local businesses.	Support for Chamber events and initiatives. (e.g. work experience week, Swanley business expo)	
	5.2b Assist West Kent Partnership to deliver 'Priorities for Growth' strategy	West Kent Partnership	Delivery of West Kent Partnership projects in Sevenoaks District providing business support, supporting into employment projects and linking business and education.	Continue to monitor and support delivery of West Kent Priorities for Growth in Sevenoaks District. Working as part of the West Kent Partnership team to develop new projects as appropriate.	
	5.2c Team Around Your Business project delivered effectively.		26 businesses received (TAYB) support between Jan 2019 -Dec 2019.	Continue to promote TAYB assistance available to local businesses.	
Strategy Action	Activity	Key partners	Progress	Next Steps	RAG rating

	5.2d Ensure businesses are able to access support to develop and grow	Centre for Micro Businesses	The Centre for Micro business (CMB) have been delivering business support meetings from SDC offices. They have seen 17 Sevenoaks businesses between March and Dec 2019 delivering 24 hours of support.	Ensure that the CMB continue to have regular SDC bookings Secure slots for CMB to be based in Swanley offering support. Promote support to SDC residents and businesses	
	5.2e Regular liaison with businesses in Sevenoaks District		Ensure all enquiries from businesses are answered effectively and appropriate information and support provided. <i>51 businesses were helped by the Economic Development team (Jan 2019-Dec 2019 including 26 Team Around Your business enquiries)</i>	Continue to contact and liaise with larger and smaller businesses to meet and provide access to support.	
	5.2f Support for high growth businesses	SDC EDO and WKP EDOs	Support for businesses from Sevenoaks District who are part of the Scale up business support programme.	Identification of potential companies for future cohorts of Scale up	
5.3 Low Cost Workspace	5.3a Supporting providers and potential providers of workhubs within the District.	Locate in Kent/ workhub providers	Planning permission submitted for Swanley workhub.	Work with property team to scope and design Swanley workhub	

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Improvement and Innovation Advisory Committee - Work Plan 2019/20 (as at 3/2/2020)

27 February 2020	25 June 2020	8 October 2020	26 November 2020
<p>White Oak Leisure Centre: New Build and operator procurement</p> <p>Economic Development Strategy Delivery Plan monitoring report</p> <p>Capital Projects Update</p> <p>Corporate Peer Challenge</p>		<p>Budget 2021/22: Review of Service Dashboards and Service Change Impact Assessments (SCIAs)</p>	

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WHITE OAK LEISURE CENTRE: NEW BUILD AND OPERATOR PROCUREMENT

Improvement & Innovation Advisory Committee - 27 February 2020

Report of	Chief Officer, Communities & Business Chief Officer, Finance & Trading Chief Officer, People & Places
Status	For consideration and recommendation to Council
Also considered by	Improvement & Innovation Advisory Committee - 27 February 2020 People & Places Advisory Committee - 3 March 2020 Finance & Investment Advisory Committee - 24 March 2020 Cabinet - 16 April 2020 Council - 21 April 2020
Key Decision	No

Executive Summary: This report seeks approval, subject to the decision of the Development Control Committee (on 13 February 2020), to construct a new leisure centre, demolish the existing White Oak leisure centre and to appoint an operator for the new centre. The report also seeks approval to use income from the operator and the proceeds of identified Council-owned developments in Swanley to fund the cost of the works.

The report sets out the proposed facility mix, the need for the Centre and programme for the works. It includes the detailed costings and funding sources.

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

The construction of the new leisure centre and demolition of the existing leisure centre cost, together with fees and charges, is due to be £20m. That is provided the works contractor is 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.

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

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

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The funding is therefore identified to undertake the construction of the new leisure centre and demolition of the existing leisure centre, with a margin for contingency.

This report supports the Key Aim of safe and caring communities, green and healthy environment and a dynamic and sustainable economy.

Portfolio Holder Cllr. Peter Fleming, Improvement & Innovation

Cllr. Lesley Dyball, People & Places

Cllr. Matthew Dickins, Finance & Investments

Contact Officers Lesley Bowles, Ext 7335

Adrian Rowbotham, Ext 7153

Sarah Robson, Ext 7430

Recommendation to Improvement & Innovation Advisory Committee, People & Places Advisory Committee and Finance & Investment Advisory Committee: That comments on recommendations (a) to (e) below are passed to Cabinet.

Recommendation to Cabinet: That recommendations (a) to (e) below are recommended to Council.

Recommendation to Council:

- (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 46, the proceeds of which will be earmarked within the Council's capital receipts to fund the cost of the leisure centre.
- (d) To approve the funding for the of the scheme as follows:
 - CIL funding £0.9m

- Capital receipts £10.63m
- External borrowing £8.0m
- Total £19.53m

It is recognised that the split of funding may change due to actual development and disposal proceeds, also the cost of borrowing at the time loans are taken out. Additional funding may be required if the above amounts are not achieved.

- (e) To 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.

Introduction and Background

- 1 White Oak Leisure Centre has served generations of Swanley residents for more than 50 years. Predominantly built in 1967, the centre, due to its age and condition, has now reached the end of its serviceable life.
- 2 Following consideration by Members of the significant ongoing and expected asset maintenance requirements for the Centre, options to invest in the existing building, to do nothing or to close the leisure centre were all dismissed in favour of replacing it with a new modern, high quality centre.
- 3 During 2015 and again in 2016 during the Master Vision for Swanley work a number of sites were identified and considered for the location of the new centre. Four sites were identified as being deliverable in terms of planning. These included 8 further sites were investigated and considered to be undeliverable in planning terms. This work concluded with the site next to the current White Oak Leisure Centre being the only available and practical solution.
- 4 Community engagement in Swanley and the surrounding areas took place in 2016 as part of the Master Vision for Swanley and reaffirmed the need for a leisure and swimming facility. Retaining a central location was important to people. Household surveys, also as part of the Master Vision, of 9,403 households and 397 businesses, identified that retaining leisure facilities was important to 96% of respondents.
- 5 In July 2017 a report by Strategic Leisure Ltd also identified the need to consider future provision of the White Oak Leisure Centre.
- 6 In 2018, Alliance Leisure Services Ltd (ALS) were procured via the UK Leisure Framework to scope:
 - The needs of the local area, including population projections.

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- How the existing centre is performing.
 - The mix of facilities that meets local needs and the feasibility that demonstrates it will help pay for and maintain a new leisure centre.
 - The land use, size and configuration of a new leisure centre, including the need to keep the existing centre open while the new one is built.
 - Maximising space for car parking.
 - Providing land for new housing to help pay for the new centre.
- 7 In putting forward proposals for the new Centre, ALS had to take into account the physical constraints of the site and the need to maintain the existing centre in operation until the new centre was built. In order to sustain the Centre into the future and to help fund the capital cost, ALS had to find a mix of facilities that would attract an operator able to provide enough income to pay the Council a sum sufficient to support the required borrowing to fund the centre.
- 8 ALS also had to take into account the need to provide multi-use space that would offer flexibility for the future and which could broaden the appeal of the centre to a wider audience. There was a need to continue to support older people, and those recovering from illness, for example through the Feel Good studio. There was also a need for a 'destination' element.
- 9 The resulting design of the new centre was used as the basis for the public engagement in March 2019 in Swanley. Feedback from these sessions has been used to improve the mix of facilities for users, providing spectator seating and a deeper pool to assist swimming lessons and water polo. The new plans provide a sports hall, 4 flexible multi-use rooms and studios, Tag Active, soft play for young children, a 25 meter, 6 lane pool and learner pool, a hundred station fitness studio and spin space, a Feel Good studio for those who need help in maintaining or become fit or recovering from illness and a café area.
- 10 Discussions are taking place with Orchards Academy regarding improvements to their 4 court sports hall to accommodate sports such as netball and roller hockey and clubs requiring larger areas and funding for this work is included in the scheme's financials.
- 11 There will be a Changing Places area for people with disabilities, and pool pods, which provide a modern, dignified way for swimmers with a wide range of mobility difficulties to access the pools.

Development Proposals - Leisure Centre

Scope of Works

- 12 The scheme entails construction of a new leisure centre, adjacent to the existing White Oak Leisure Centre to the south of the site. The existing leisure centre will be kept operational during the construction of the new leisure centre to maintain continuity of leisure operation for the local community.

- 13 The new leisure centre will have a facility mix as follows:
- 25m, 6 lane, 2 meter deep, community pool with moveable floor
 - Learner pool
 - Poolside spectator seating (100 seats)
 - Café / seating area
 - Tag Active zone
 - Soft play area
 - Multi-purpose sports hall
 - Multi-purpose rooms (2 rooms with connecting doors to enable 1 larger room)
 - Studio spaces (2 rooms with connecting doors to enable 1 larger room)
 - Feel Good studio - with equipment for those who need extra help to exercise
 - 100 station fitness gym
 - Wet and dry changing areas, including a Changing Places area for disabled people
 - Parking provision for 144 vehicles and coaches
- 14 The new building is being designed to enable the new leisure centre to meet the Building Research Establishment Environmental Assessment Method (BREEAM) 'very good' standard and will incorporate an air source heat pump system as well as other energy efficient features such as water consumption monitoring, leak detection, flow control and responsible sourcing of construction products. The car park will also have electric charging points.
- 15 The existing leisure centre will be demolished and the new car park constructed, once the new leisure centre is open and operational.
- 16 Enabling residential development will be constructed on the site of the demolished leisure centre to partly fund the new leisure centre, following the above works. The residential development will have accommodation as follows:
- 35 to 40 residential units
 - Residential mix to be either 1, 2 or 3 bed units, with either integral or on-street parking
 - Units to be either 2 or 3 storey high

Phasing

- 17 The proposals will be phased in three parts to maintain continuity of leisure operation for the local community:
- a) Construction of the new leisure centre
 - b) Demolition of the existing leisure centre and construction of new car parking
 - c) Construction of the residential development

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Planning

- 18 A hybrid planning application (reference [19/02951/HYB](#)) was submitted in October 2019 for the following:
- Full application for a new leisure centre and associated parking at White Oak Leisure Centre site in Swanley
 - Outline application for enabling residential development on the site of the current White Oak Leisure Centre.
- 19 Determination of the application by the Development Control Committee is expected by 13 February 2020.

Procurement

- 20 The ALS project team was procured through The UK Leisure Framework and includes experienced leisure architects Saunders Boston and contractor ISG. Following the project scoping business planning and feasibility, ALS progressed the design to 'Cost Confidence' stage and then to pre-construction 'Cost Certainty' stage.
- 21 A budget of £550,000 was approved by Council on 26/02/2019 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 which is now completed.
- 22 Draft terms have been agreed with Alliance Leisure Services Limited to enter into a Development Management Agreement for the construction of a new leisure centre, the provision of certain equipment and demolition of the existing White Oak Leisure Centre. A summary is given in Appendix A.

Programme

- 23 The key indicative programme dates are shown as follows in Table 1.

Table 1 Key Indicative Programme Dates

Stage	Detail	By when
Design and cost		COMPLETE
Statutory approvals	Planning consent	February 2020
Building Control	Building Regs approval	March 2020
Project approval	Council project approval process	April 2020
	Development agreement	April 2020
	Instruct contractor	April 2020
Construction	Mobilisation	May 2020
	Start on site	May 2020

	Phase 1 complete	November 2021
	Centre handover	November 2021
	Fit out and training	November 2021
	Asbestos R&D of existing centre	December 2021
	New Centre opens	November 2021
	Existing centre strip out	December 2021
	Phase 2 - Demolition and car park works	May 2022

Appointment of a Future Operator

- 24 The ALS team were procured through The UK Leisure Framework and includes Max Associates, market leader in leisure management contract procurement, and Trowers & Hamblins LLP Solicitors. The team have managed the EU Operator Tender process with the District Council team.

Operator Tender Evaluation

- 25 The procurement followed a 3 stage process:
- (i) Selection Questionnaire (SQ), to demonstrate applicants' experience and ability to meet SDC's minimum technical and functional requirements in respect of delivering the contract;
 - (ii) First Stage Tender, applicants invited to submit detailed solutions (ISDS); and
 - (iii) Final Tender, applicants invited to submit final tenders (ISFT) following a period of dialogue.
- 26 The evaluation team comprised of 11 people. Two Members, seven Council Officers, and representatives from Max Associates and Trowers & Hamblins LLP Solicitors.
- 27 At the SQ stage applicants were permitted to express interest in the contract and were required to submit information regarding their organisation, capacity, financial standing and history with similar schemes. Applicants had to meet specified minima and where more than four applicants are left then only the four highest scoring would proceed. In this case all except one applicant satisfied the minimum criteria. The four highest scoring applicants were shortlisted and invited to submit tenders by ISDS (Invitation to Submit Detailed Submission).

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- 28 At the ISDS stage three applicants submitted tenders. One withdrew from the procurement process due to prior commitments with other partners.
- 29 In order to assess the tenders, Officers were guided by the results of a Members' consultation evening on 25 July 2019. This showed that, for example, Members were as interested in quality outcomes as they were in value for money. Tenders were appraised by the evaluation team and scored based on the predetermined weighting, Commercial 50% and Quality 50%. The two highest scoring applicants were invited to submit final tenders.
- 30 Final tenders were received on 20 December 2019. Applications were appraised by the evaluation team using a detailed scoring system that demonstrated each of the bidders:
- Viability of their financial model
 - Proposed amendments to the Contract
 - Ability to meet the Council's strategic outcomes
 - Operational Performance & Building Maintenance Proposals
 - Pricing Policies
 - Use of Information Technology
 - Staffing & Volunteering Proposals
 - Mobilisation
- 31 The highest scoring applicant demonstrated the best value for money for the Council whilst also meeting the key quality outcomes. The proposed preferred bidder was identified as Sport and Leisure Management Ltd (SLM).

Operator Contract & Expected Revenue

- 32 The preferred operator will enter into a bespoke Leisure Operating Contract with the Authority for an initial period of 15 years with an option, at the agreement of the parties, for a further period of five years giving a total possible term of 20 years.
- 33 The Leisure Operating Contract is a full repairing lease with clear asset maintenance systems and targets that gives the Council assurance that the new facility will be maintained to a high standard. The proposed preferred operator will deliver high operational standards which will be assessed through a number of means including the Quest accreditation standard. Trowers & Hamlins, our expert legal advisers, have worked alongside SDC's legal team to ensure the contract provides SDC with the full confidence in the contract terms. The key terms of the contract are highlighted in Appendix B.

- 34 If the preferred operator is approved then the net payment to the Council over the duration of the contract is £7,623,720 with an average annual payment of £508,248.

Operator Programme

- 35 The following table highlights the key stages and their timescales.

Table Table 2 Key Operator Programme Dates	
Start practical engagement between operator and clubs	May 2020
Give notice to Sencio (6 months prior to Centre opening)	May2021
Operator Mobilisation (12 weeks prior to centre opening)	September 2021
Centre Handover (2 weeks)	November 2021
New leisure centre opens	November 2021
Existing leisure centre demolished and new car park completed	May 2022

The operator will work with the Council and the existing leisure provider as soon as possible.

Risk Assessment

- 36 A table outlining the key risks relating to the construction, operator procurement and financial aspects can be found in Appendix D. The table highlights the mitigating controls that have been put in place to limit their impact.
- 37 Whilst there is a transfer of risks relating to the construction to ALS as set out in their Cost Certainty report (App A), there may be risks which sit outside of their responsibility. This is the case with any contract of this nature regardless of who the contractor might be. These could include such risks as utilities issues outside the control's control, prolonged extreme weather conditions leading to delay, planning conditions imposed, for example requiring archaeology, changes to national building regulations, unexpected ground conditions that could not have been identified in the surveys. These are all covered in the Council's risk assessment in Appendix D.

Key Implications

Financial Cost

- 38 The total cost of the construction of the new leisure centre and demolition of the existing White Oak Leisure Centre is £20m, made up as shown in table 3:

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Table 3 Cost details	
Construction Costs (ISG)	£17,336,000
Tag Active & Toddlers Play Equipment (Play Revolution)	£600,000
Fitness Suite Equipment (Technogym)	£327,205
Feel Good Suite Equipment (Shapemaster)	£70,550
Misc Furniture, Fittings & Equipment	£54,803
ALS Delivery fee	£284,919
UK Leisure Framework access fee	£57,405
Project Management fee	£424,810
Clerk of Works	£35,000
Principal Designer fee	£22,000
Client Contingency	£509,772
Orchards Academy sports hall work	£130,000
Ancillary works and contingency outside main contract	£147,536
Total	£20,000,000

- 39 At Council on 26 February 2019, Members approved capital expenditure of £550,000 for pre-construction to the stage of cost certainty (RIBA stage 4). This included the following items:
- Pre-construction surveys/works: design to RIBA Stage 4 and Principal Designer role
 - Additional specialist design input for TAG Active, soft play, café & kitchen and Parkour
 - Quantity Surveyor
 - Project management and delivery fee
 - Client contingency
- 40 This work has been funded by capital receipts as approved by Council and the sum of £550,000 is included in the total cost of the construction set out in paragraph 37 above.
- 41 Approval is now sought for expenditure of £19.53m to complete the scheme.
- 42 A significant amount of work has been carried out to date to ensure that the scheme proposed in this report is the most appropriate and cost effective. The work has included:
- 43 **Options appraisal work regarding the future of the Centre**
- Option 1 - do nothing.
 - Option 2 - invest in the existing building.
 - Option 3 - build a new leisure centre
 - Option 4 - close the centre

- It was decided that the level of repairs and maintenance required over the next few years meant that Option 1 was not economically feasible in the future . Closure of the centre, Option 4, was not considered to be appropriate for Swanley. Options 2 and 3 were considered for further examination.
- Option 2 - invest in the existing centre. An independent conditions survey was conducted. The conclusion was that the centre had exceeded the expectation of the lifespan for this type of building. Refurbishment would require the closure of the centre for 45 to 50 weeks. Refurbishment would not allow any release of land for enabling development.
- Following investigation, Members confirmed their support for Option 3 and that several sites should be considered.

44 Consideration of sites

The existing White Oak site and the Olympic site were considered. Subsequently a Sequential Planning test was undertaken looking at 12 sites in and around Swanley and the existing White Oak site was identified as the best available town centre option.

45 Facilities mix options

Work to establish the facilities mix options identified 2 options that provided the best balance between the needs analysis and the need to provide the most viable and affordable options. These were a 6 lane pool, learner pool and fitness studio or a 6 lane pool, learner pool, fitness studio and 4 court sports hall.

46 The procurement options available to the Council were considered.

- These included Design and Build working with a Framework, ie a framework of companies already tendered under EU procurement rules, an off the shelf centre also procured through a Framework, and an SDC contracted Design and Build. The Council also considered working with a large company on a Design, Build, Operate and Maintain approach (DBOM).
- The SDC Design and Build would provide full flexibility but the capacity of the teams involved would not be sufficient to support this.

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- The off the shelf product was untested. The Council would have been the first customer and this was considered by the Property Manager to carry too much risk. The design would not fit well onto the site.
- The DBOM approach, whilst transferring much of the risk to an operator to build the centre as well as the enabling housing developments, required an ongoing revenue contribution in addition to passing over enabling development sites.
- The Framework Design and Build option was considered to be the most suitable, ensuring that correct procurement processes were in place and giving the Council maximum flexibility, whilst transferring the major part of the risk to the Framework partner.

47 The following activities also took place to ensure value overall:

- The use of a procurement framework to ensure that the contractors delivering the project have met stringent procurement requirements and accept the major part of the risk
- The completion of an EU compliant procurement exercise to identify the leisure operator who will operate the site upon completion.
- The selection of activities offered at the new Centre not only meets the needs of a modern leisure facility but provides sufficient income from an operator to fund the required loan
- Final value engineering to ensure that the final price represents the lowest available for the design

Income

- 48 The 15-year net income from the operator is expected to be an average of £508,248 per year. There is an option to extend the contract for a further 5 years with indicative income for that period remaining at the same level.

Funding

- 49 It is intended to use the following sources to fund the remainder of the scheme. Additional details are included at **Appendix C**.
- 50 **Community Infrastructure Levy (CIL):** At the CIL Spending Board held on 9 December 2019 the scheme was awarded £0.9m.
- 51 **External borrowing** is recommended to be taken over 20 years to fit in with the operator life cycle. This would be funded from the operator income. As an example, the current Public Works Loan Board (PWLB) rate is 2.42% (as at 13/02/20 including a 0.2% certainty rate reduction). The average annual

income of £508,000 would currently be able to fund borrowing of £8m over 20 years. In addition to the £8m loan it would be necessary to take short term borrowing to fund elements of the construction phase at an estimated net cost of £80,000.

52 **Capital receipts** (proceeds from the sale of Council assets): Within Swanley there are a number of assets which have been evaluated by Savills for development and disposal. The potential receipts from these assets are shown in **Appendix C**. The level of receipts currently estimated from these assets are based on expert external appraisals by Savills. The Council's Finance and Property Officers have scrutinised and reviewed these figures and the capital receipts from the following schemes is currently estimated to be £11,327,561.

53 The sites are:

- White Oak Leisure Centre
- Bevan Place
- Alder Way
- Russett Way
- 27-37 High Street
- Woodlands (already received)

It should be recognised that the actual amounts received for these assets may vary for a range of reasons including the number of units on each site, the type and tenure of units and the timing of the project, particularly given that some of these projects may not be delivered within the next year.

54 A South East Local Enterprise Partnership (SELEP) **Growing Places Fund bid** for an interest free loan of £1.49m has been submitted but this process is in its early stage and no certainty can be given as to the outcome of the bid. The full amount would have to be repaid after five years. If the bid is successful, the total borrowing costs would be slightly reduced.

55 Based on the above information the table below details the proposed funding solution with further details included in **Appendix C**. The Council expects to make a contribution of £10.63million, funded from capital receipts.

Funding Source	£m
Capital receipts	10.630
External borrowing	8.000
CIL	0.900
Total	19.530

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- 56 Any expenditure incurred prior to the funding sources being received will be funded by a mixture of internal and external borrowing until the approved funding is available. This would impact on interest receipts.
- 57 As mentioned earlier, the value of capital receipts (due to actual sale prices) and amount of external borrowing (due to borrowing rates at the time) included in the table above are not certain.
- 58 If the value of capital receipts exceeds the amount above, the excess could be used to fund other approved capital schemes.
- 59 If interest rates reduce and less operator income is required to deliver the external borrowing amount above, this will be revenue income and will be taken into account in future budget setting processes.
- 60 However, if capital receipts and/or the amount of external borrowing are lower than the figures above, additional funding will be required. Possible sources of additional funding are:
- i) Capital receipts from the sale of other Council assets. This may reduce the ability to deliver other approved capital schemes.
 - ii) Additional external borrowing funded from other revenue sources not directly linked to White Oak Leisure Centre. This may result in savings being required from other Council services.
 - iii) Request further funding from the CIL Spending Board.

Value Added Tax (VAT)

- 61 The treatment of VAT was key consideration for this project. A VAT registered business falls within the scope of partial exemption when it has supplies of both a taxable and an exempt nature. Output VAT cannot be charged on an exempt supply and equally any input VAT incurred directly in making the exempt supply, generally, cannot be recovered.
- 62 It is therefore necessary to split the lease for the building and right to trade. The lease for the building will be at a peppercorn lease so that it can be treated as a non-business activity, allowing the VAT incurred on construction to be reclaimed. The right to trade lease granted to the operator will be classed as a standard rated supply.
- 63 If HMRC disagree with the VAT treatment it could add approximately £2m to the build costs as it would put the Council outside tolerable limits on its partial exemption calculation and all VAT on all activities included within the partial exemption calculation would need to be repaid to HMRC.
- 64 VAT advice has been taken from 2 external VAT advisers.

Legal Implications and Risk Assessment Statement

- 65 The Council is required to achieve best value and is also required to comply with relevant regional, national, and local procurement rules.
- 66 The present operator procurement exercise was subject to the Concessions Directive as implemented in domestic legislation by the Concession Contracts Regulations 2016. The construction element was subject to the EU Public Sector Procurement Directive as implemented by the Public Contracts Regulations 2015. These set out the requirements for the Council, including to uphold principles of equal treatment, non-discrimination and transparency throughout the process.
- 67 Following a decision of the Council to award the contract then the Council would be obliged to give notice to all relevant parties. A mandatory standstill period of 10 days shall then apply in which other applicants can submit any legal challenge. The contracts may only be entered into after this period.
- 68 The legal implications are otherwise as set out in the body of the report.

Equality Assessment

- 69 Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups. The decisions recommended through this paper directly impact on end users. The impact has been analysed and does not vary between groups of people. The results of this analysis are set out immediately below.
- 70 The facilities and health & wellbeing interventions at the new leisure centre are open to all residents. The proposed operator has an equality and diversity policy that aims to provide equality of opportunity to all customers to participate in sport and leisure activities at all levels whether as a customer or member.

Sustainability

- 71 A sustainability checklist has been completed and a positive impact is anticipated.

Conclusion

The asset maintenance needs of the existing White Oak Leisure Centre cannot be met by the Council in a sustainable way.

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The need for a leisure centre in Swanley is well-established both in the Sports Facility Report and through consultation with local people. The recommendations in this report are the culmination of considerable work to find a way forward for the Centre.

Work undertaken has included searching for an appropriate site in terms of planning, availability and access for the community, resulting in the identification of the existing White Oak site. It has involved finding a mix of facilities that not only makes the Centre attractive to as many local people as possible but provides sufficient income for the Centre to be sustainable in the long term. The income from the leisure operator will also help to fund the capital spend.

Work with an established Leisure Consultancy responded to the need to address the constraints within which the Council was working. Those constraints were that the existing leisure centre must remain open until the new Centre was operational and the site must also accommodate an enabling housing development. This meant that the space available on the site was defined. Secondly, the mix of facilities would have to provide at least one activity to encourage new people into the Centre and that the space should be designed with flexibility for the future in mind. Thirdly that there must be a space for a Shapemaster room to cater for the needs of older people, those recovering from illness and those with greater mobility needs. Fourthly, that there must be sufficient income to make the Centre financially affordable and sustainable.

The resulting design and mix of facilities includes not only fixed spaces but also a large area and 4 smaller areas suitable for mixed uses and where sliding doors can open up the spaces to enable a wider choice for users. Taking local views into account has led to changes in design including to the swimming area and the improved multi-use spaces provided. The resulting design is a modern facility that will adapt to future uses. All current sports and activities will be possible in the new centre, with the exception of very deep water sports such as diving and those requiring a large sports hall, such as roller hockey, basketball and netball. Following discussions with Orchard Academy a 4 court sports hall would be available for club based community sport use, outside school hours and at weekends and holidays. Some improvements to the hall are necessary in order to accommodate these clubs and these are included in the recommendation.

Discussions have taken place with Orchard Academy who have a 4 court sports hall and who are very pleased to welcome any club no longer able to use the proposed leisure centre. Some improvements to the Orchard Hall will be necessary in order to accommodate these clubs and this is included in the recommendation.

Alongside this work has been the procurement of an exciting new operator for the Centre. SLM Everyone Active were successful not only in offering the best income for the Council but also in their approach, which reaches out to the local community and works with schools and GP surgeries to encourage health and wellbeing. They offer modern ways for people to access their services and, as a major player in the leisure industry, offer resilience, expertise, excellent customer service and quality assurance standards.

Concurrent work has also taken place to assess the development value of other Council-owned sites in Swanley that will be needed financially to enable the new Leisure Centre to go ahead. Savills have been used to appraise each of these sites and values have also been tested with local estate agents so that the figures put forward in this report are reliable.

All of these pieces of work have now come together to enable Officers to make the recommendations in this report.

Appendices

Appendix A - Cost Certainty Completion Report Summary (January 2020) Alliance Leisure Services

Appendix B - Report on the draft Leisure Management Contract by Trowers & Hamlins

Appendix C - Funding Sources (Restricted)

Appendix D - Risk Assessment (Restricted)

Background Papers

Operating Contract

Sports Facility Report 2016 - 2035 (July 2017)

Equality Impact Assessment

Sustainability Checklist

Lesley Bowles
Chief Officer Communities & Business

Adrian Rowbotham
Chief Officer - Finance & Trading

Sarah Robson
Chief Office People and Places

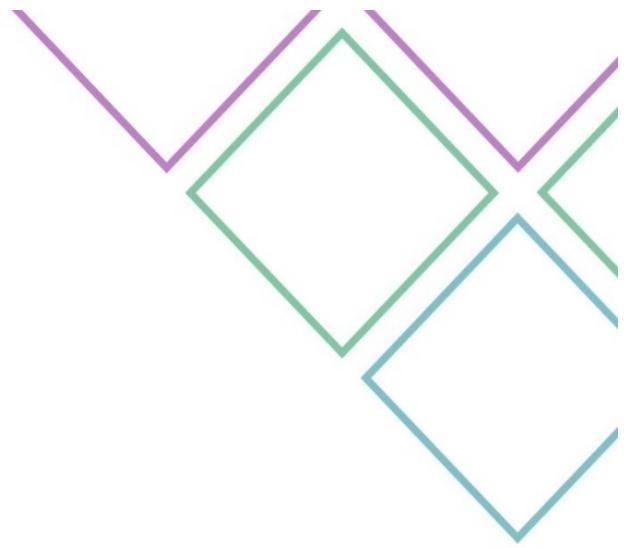
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White Oak Leisure Centre

**'COST CERTAINTY' WORK
COMPLETION REPORT - SUMMARY**

31st January 2020



CONTENTS

- 1. Introduction**
- 2. Development proposal outline**
- 3. New Development Plans & Visuals**
- 4. Total Project Costs**
- 5. Programme & Key Dates**
- 6. The Alliance Approach & Contract Structure**

1. Introduction

In May 2018 Sevenoaks District Council (SDC) engaged with leading leisure development partner Alliance Leisure Services Ltd (ALS) to prepare a facility development proposal relating to SDC aspiration of building a new and exciting leisure centre that will serve the population of Swanley and surrounding areas and provide innovative leisure activities for all generations.

In August 2018 SDC commissioned ALS to undertake a high level business plan and feasibility study for a new leisure centre that introduces new income streams, drives participation and captures a wider segment of user groups.

In October 2018, SDC commissioned ALS to take the proposal to the next stage and undertake 'Cost Confidence' work for the demolition of White Oak Leisure Centre (WOLC) and the construction of a new leisure centre, considering two options. This piece of work was completed in December 2018.

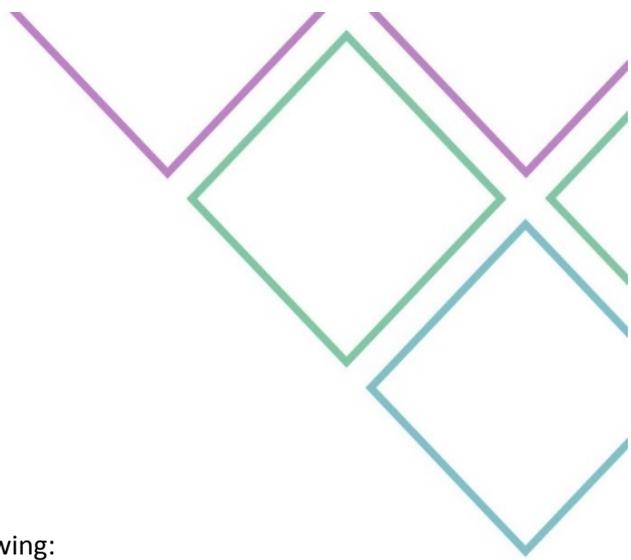
Following a period of collaborative refinement with SDC, and consultations with various stakeholders, the desired option was selected in July 2019 with a total project cost estimated at the time of £19.422m (exc. vat).

In line with the UK Leisure Framework procurement process, SDC instructed ALS to then proceed in developing this option through 'Cost Certainty' whereby essential surveys / detailed design / costing work would be undertaken to provide a fixed total project cost. In tandem with this, the team have delivered the Planning Application for the new centre and outline residential scheme (decision pending) and facilitated the Operator Procurement process through the UK Leisure Framework.

The 'Cost Certainty' process for the new development, over 5 – 6 months, has been collaborative between SDC and the ALS development team, with workshops / meetings every 2 weeks and a constant flow of information between parties. This paper provides a summary of the position on completion of this work. The builder's 'Contractor Proposals' (CP's), and further information, accompany this paper separately to provide the necessary detail.

At the conclusion of this piece of work, the Total Project Costs for complete delivery of the proposed project are **£19,852,464** (exc. vat).

The ALS development team for this project includes ISG (building contractors), Saunders Boston Architects, Max Associates (consultants), Savernake Property Consultants (PM), Axiom Project Services (QS / PM) and various equipment suppliers, from their UK Leisure Framework supply chain.



2. Development Proposal Outline

This development project for the new centre includes the following:

Ground floor:

- + Main Swimming Pool 25m x 6 lanes with variable depth
- + Learner Pool 13m x 8m
- + Spectator seating for pool areas
- + First Aid room
- + Poolside Storage
- + Village Changing rooms
- + TagActive Arena and children's Soft Play facility
- + Café Servery, Kitchen and seating areas
- + Multi-use space sports hall
- + 2 x Multi-use Rooms
- + FeelGood Studio with Shapemaster 'Power Assisted' equipment
- + Reception desk and Offices

First floor:

- + Fitness Suite accommodating over 100 pieces of gym equipment
- + 2 x Group Exercise Studios with semi sprung floors and dividing wall
- + Separate Male, Female and Access / unisex Changing Rooms
- + Staff Room

External:

- + 12 Blue Badge Holder parking space
- + 3 Electric Vehicle Charging points
- + 129 Traditional parking spaces
- + Bus set-down area for 2 coaches

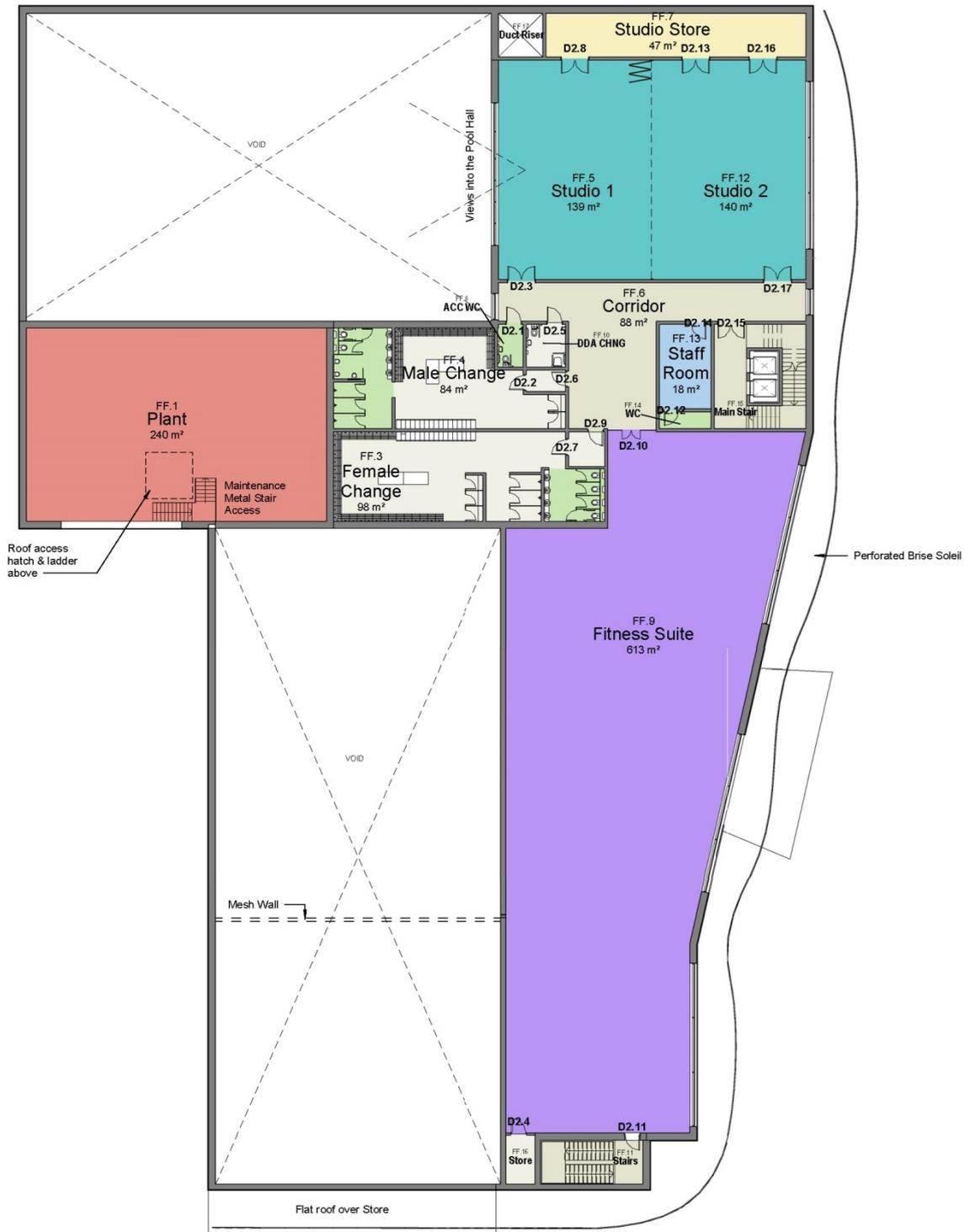


3. New Development Plans & Visuals

Ground floor general layout :

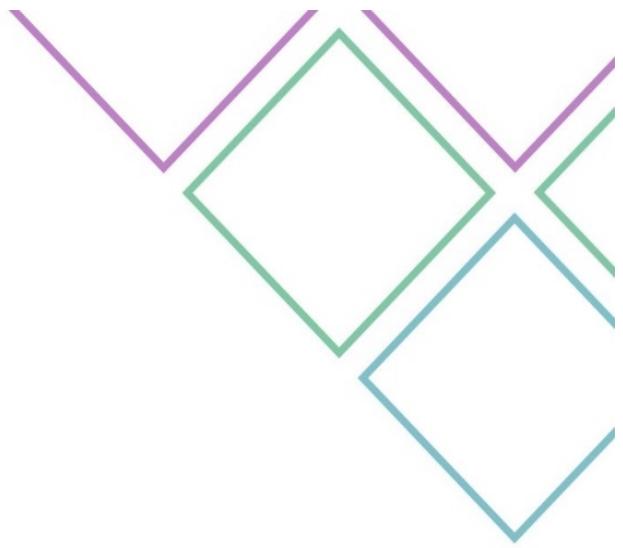


First floor general layout :



Site Plan:

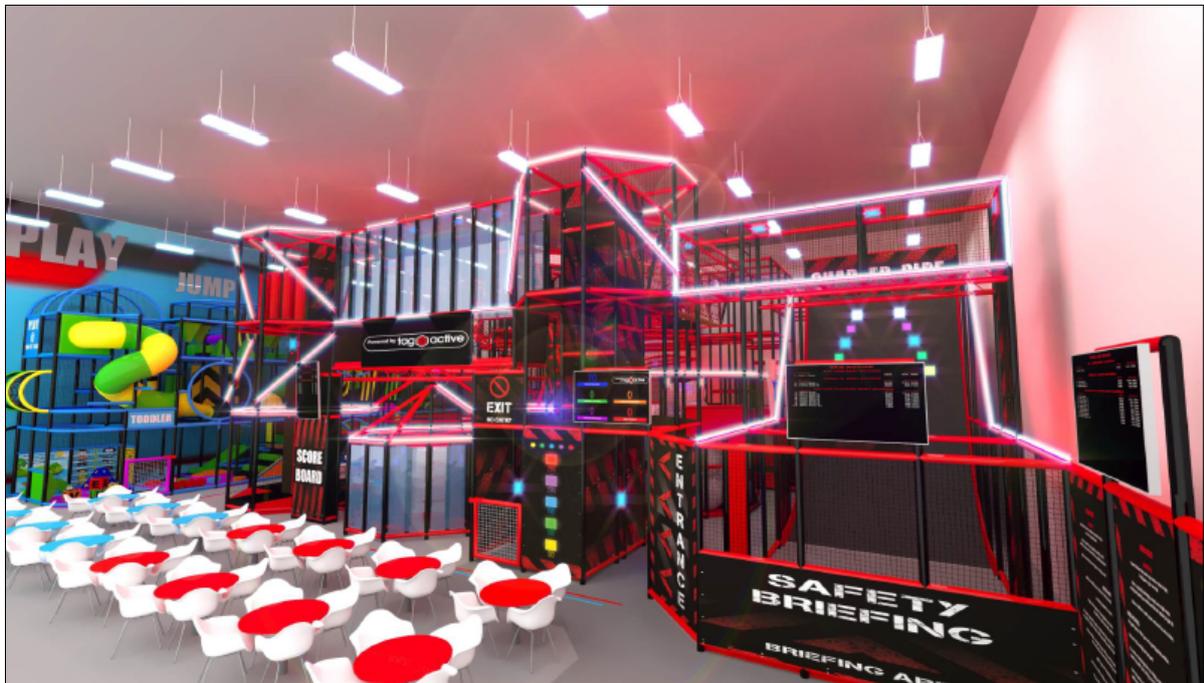
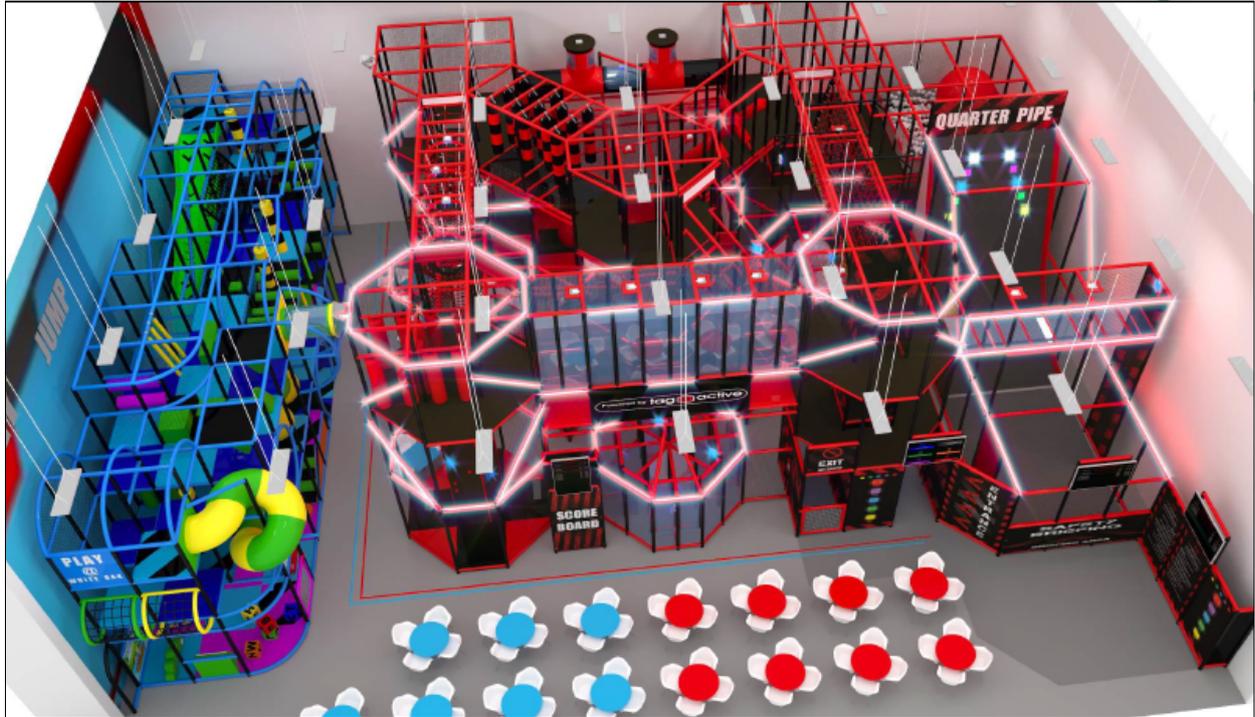


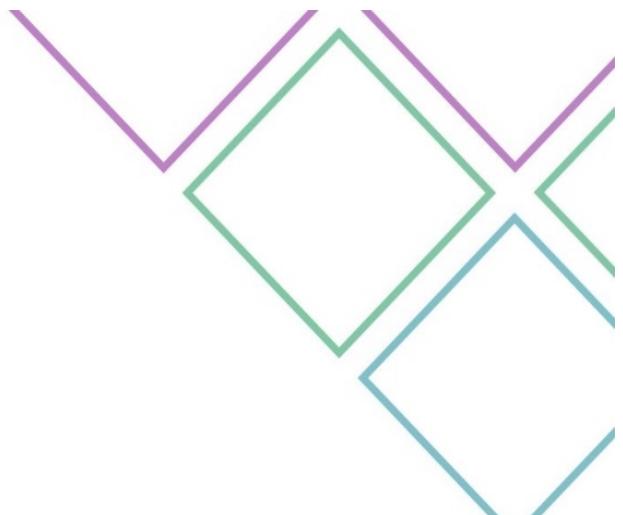


3D Visuals of the proposed externals:

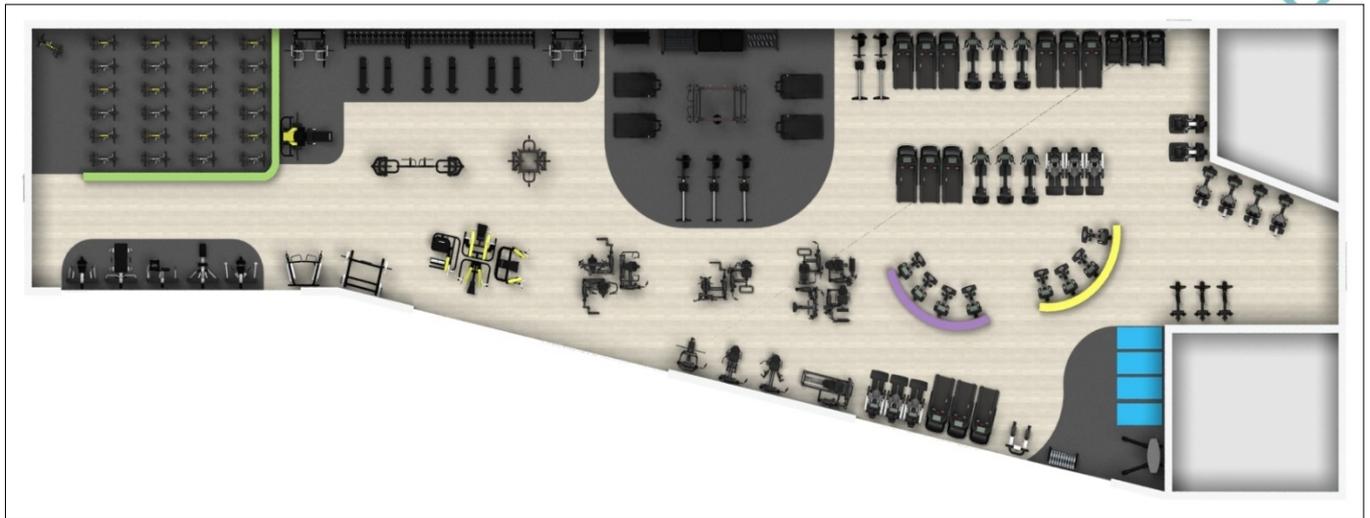


TagActive Arena & Soft Play visuals :





Indicative Gym equipment layout (Technogym):



FeelGood Studio – Indicative Shapemaster equipment:



4. Total Project Costs

The total project cost to deliver this scheme is as follows.

Element Cost (exc. vat):

Construction Costs (construction of new leisure centre & demolition of existing - ISG) £17,336,000

Tag Active & Toddlers Play Equipment (Play Revolution) £600,000

Fitness Suite Equipment (Technogym) £327,205

Feel Good Suite Equipment (Shapemaster) £70,550

Misc Furniture, Fittings & Equipment £54,803

ALS Delivery fee £284,919

UK Leisure Framework access fee £57,405

Project Management fee £424,810

Clerk of Works £35,000

Principal Designer fee £22,000

Client Contingency £509,772

Enhancements to Orchards Academy sports hall £130,000

TOTAL : £19,852,464 (exc. vat)

5. Programme & Key Dates

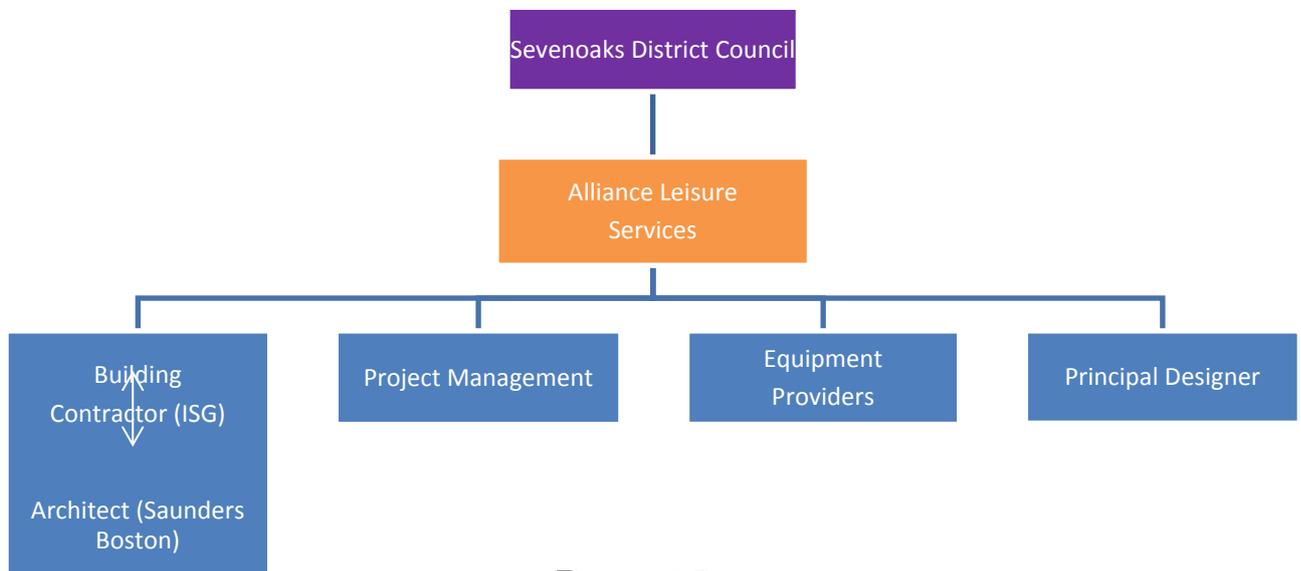
ID	Task Name	Duration	Start	Finish
1	DESIGN & COST	29 wks	Mon 01/07/19	Fri 31/01/20
2	Conclude RIBA 2	35 days	Mon 01/07/19	Fri 16/08/19
3	BREEAM Pre-Assessment	10 days	Thu 11/07/19	Wed 24/07/19
4	Instruct to Proceed to Cost Certainty	0 days	Tue 06/08/19	Tue 06/08/19
5	SDC Approve Final Layouts (RIBA 2)	10 days	Mon 19/08/19	Fri 30/08/19
6	Design to Cost Certainty	90 days	Mon 02/09/19	Fri 17/01/20
7	Price Works	65 days	Mon 07/10/19	Fri 17/01/20
8	Finalise Contractor Proposals	10 days	Mon 06/01/20	Fri 17/01/20
9	Cost Certainty Presented	0 days	Fri 17/01/20	Fri 17/01/20
10	Client CP Review / Validation	10 days	Mon 20/01/20	Fri 31/01/20
11				
12	STATUTORY APPROVALS	27.4 w	Thu 08/08/19	Fri 28/02/20
13	Planning	27.4 wk	Thu 08/08/19	Fri 28/02/20
14	Planning Pre-Application	0 wks	Thu 08/08/19	Thu 08/08/19
15	Planning Design	30 days	Mon 02/09/19	Fri 11/10/19
16	Planning Validation	13 days	Mon 14/10/19	Wed 30/10/19
17	Planning Consent	68 days	Thu 31/10/19	Mon 17/02/20
18	Planning Development Control Committee	0 wks	Thu 13/02/20	Thu 13/02/20
19	Planning Decision	0 wks	Mon 17/02/20	Mon 17/02/20
20	Review Planning Decision / Conditions	10 days	Mon 17/02/20	Fri 28/02/20
21				
22	BUILDING CONTROL	65.6 w	Thu 05/12/19	Mon 12/04/21
23	Building Regulations	65.6 wk	Thu 05/12/19	Mon 12/04/21
24	Building Regulations (Condition Approval - target)	328 days	Thu 05/12/19	Mon 12/04/21
25				
26	PROJECT APPROVAL	12 wks	Mon 03/02/20	Fri 24/04/20
27	Client Approval Process	58 days	Mon 03/02/20	Wed 22/04/20
28	Development Agreement	10 days	Fri 10/04/20	Thu 23/04/20
29	Contract	10 days	Mon 13/04/20	Fri 24/04/20
30	Instruct Contractor	0 days	Fri 24/04/20	Fri 24/04/20
31				
32	CONSTRUCTION	101 wk	Mon 27/04/20	Fri 13/05/22
33	Mobilisation	20 days	Mon 27/04/20	Fri 22/05/20
34	Start on Site	0 days	Mon 25/05/20	Mon 25/05/20
35	Phase 1 - Construction	74 wks	Mon 25/05/20	Fri 12/11/21
36	Centre Completion & Handover	0 days	Mon 15/11/21	Mon 15/11/21
37	Fit Out Period & Training	10 days	Mon 15/11/21	Fri 26/11/21
38	Asbestos R&D Survey of Existing Centre	5 days	Mon 29/11/21	Fri 03/12/21
39	New Centre Opens	0 days	Mon 29/11/21	Mon 29/11/21
40	Existing Centre Strip Out	5 days	Mon 29/11/21	Fri 03/12/21
41	Phase 2 - Demolition and Car Park Works	20 wks	Mon 06/12/21	Fri 13/05/22

6. The Alliance Approach & Contract Structure

ALS provides a unique complete leisure development solution, from initial feasibility and business planning through to design, build and funding if required. ALS can also provide on-going support and partnership, if required, to ensure facilities achieve their targets.

A key benefit to SDC in using ALS to deliver this project would be the **transfer of risk**, in line with the agreed project Risk Register. ALS would enter into contract with SDC to deliver the project at a fixed sum. ALS would then enter directly into the building contract, giving SDC the protection should there be any cost overruns. Another principal advantage of the ALS service is in experience and resources, which enable the delivery of a quality new facility **on time** and **on budget**. To undertake a development usually involves finding and co-ordinating several companies but with ALS, SDC will have **one agreement, one relationship**. ALS will absorb any project headaches, mentoring SDC through the project delivery process, so that minimal time is spent away from other work.

ALS would enter into a detailed delivery contract with SDC, a **Delivery Management Agreement (DMA)**, which states what the company will do at a set price and it is their responsibility to deliver the scheme to this price. The price will be fixed and any variations are only instructed in writing by SDC. Cost overruns have to be managed or borne by ALS. An important point to note is that ALS has never changed contract costs due to overruns in 20 years of operation (100+ projects). ALS will enter into the building contract with ISG and assume delivery risk as outlined to SDC. This will be a JCT (Joint Contracts Tribunal) Design and Build Contract between ALS and ISG. This is a standard document used extensively in the industry and familiar to the public sector. The contract allows for contractor design, which affords considerable time and cost savings brought about by utilising design and build procurement.



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Appendix B

dated January 2020

Sevenoaks District Council

Report on the draft Leisure Management Contract

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Agenda Item 9

The following is a high level summary for the key provisions of the Leisure Operating Contract which will be entered into between the Council and the Preferred Bidder (the Contractor) in respect of the new White Oak Leisure Centre (the facility).

1 **Commencement and duration and extension**

The agreement will be entered into shortly after the contract award with a commencement date to coincide with the expected operation date of the newly built facility in 2021. The agreement will end (subject to any earlier termination because of default) on the 15th anniversary of the commencement date. There is also an ability to extend the contract by agreement for up to an additional 5 year period.

2 **Defects**

The Council will be required to provide Collateral Warranties from the building contractor and the relevant professional team to the Contractor. The Contractor will accept responsibility for defects in the facility except where they are caused by the Council, or where the defect liability period has not expired, or where the Contract has used reasonable endeavours (without success) to enforce the terms of Collateral Warranties.

3 **Head Lease**

The Council will grant the Contractor a Head Lease of the facility which will be coterminous with the Leisure Operating Contract. The Head Lease will provide the Contractor/Leisure Operator with the necessary occupation rights in order to claim NNDR relief. The lease will be a bare lease tying back to the repair, maintenance and improvement obligations on the Contractor set out in the Leisure Operating Contract (see clause 5 below). The rent will be a nominal rent as the Management Fee will be paid by the Contractor to the Council in accordance with the calculations within the payment and performance mechanism will be set out as a schedule to the Leisure Operating Contract.

4 **Mobilisation**

4.1 The Council acknowledges that the Contractor has tendered on the basis of a facility that has not yet been constructed and therefore any changes to design or specification prior to handover will require consultation with the Contractor with an opportunity for the contractor to comment. If the Contractor believes additional costs will arise or changes to the services are required it will notify the Council and the Change Protocol (small, medium and high value changes as set out in schedule 24) shall apply. This will ultimately (if the change does genuinely impact on costs) result in the Contractor being no better or no worse off than if the change had not occurred.

4.2 The Council must give not less than 12 weeks' notice of the anticipated handover of the facility and allow the Contractor to attend meetings and comment on snagging items and other practical completion issues which will nonetheless remain the Council's responsibility.

4.3 Any delay to the target opening date (1 December 2021) will be an Authority Change and the Contractor shall be put in a no better and no worse position by any delayed opening.

4.4 The existing facility is expected to continue to trade until a short time before the opening of the new facility and if it doesn't or fewer members transfer than anticipated, this is also an

Authority Change. The Contractor can be requested by the Council to step in to the existing facility if the current operator ceases to provide service there and the Contractor cannot object to the step in request.

5 **Services**

- 5.1 The Contractor is required to ensure that at all times that the services meet the requirements of the Agreement and the Services Specification.
- 5.2 The Contractor must ensure that the maintenance and operating procedures are sufficient to ensure the Facilities are available and are kept in good structural and decorative order and shall undertake the schedule of programmed maintenance in order to ensure the service specification is met. The Contractor shall also ensure that it carries out the replacement of lifecycle items in accordance with the agreed maintenance plan and schedule of programmed maintenance.

The monitoring of the performance is by the Contractor in accordance with the provisions of the Payment Mechanism. However the Authority is entitled at its own cost to carry out its own additional performance monitoring.

6 **TUPE and Employee**

- 6.1 The transfer of the leisure service at the facility to the Contractor is treated as a TUPE transfer. There is no relationship between the new contractor and the current contractor and therefore as between the Council and the (new) Contractor the Council will accept responsibility for all remuneration and other payment (including employer pension contributions) to the transferring employees up to the commencement date. The Council will also indemnify the Contractor in respect of any employment related claims that arise prior to the commencement date. The Council accepts no responsibility for any staff related payments after the commencement date.
- 6.2 The Council is obliged to procure that it provides the Contractor with accurate information regarding the transferring employees and adjustments to the management fee could result if the information about the employees transferring is inaccurate. Provisions are made in relation to TUPE applying at expiry and termination of the agreement with the Contractor being responsible for all staff costs etc up to the Return Date being the date when the service comes back to the Council or it goes out to another provider.
- 6.3 Disclosure and barring checks are contractually required with the Contractor not being allowed to employ any person in connection with the services who has a conviction or an ASBO (Anti-Social Behaviour Order) without the Council's consent.

7 **Pensions**

The Contractor is obliged to provide eligible employees (essentially those current employees who are members of an LGPS scheme) continued membership of the LGPS (or an equivalent scheme).

8 **Payment Provisions**

Agenda Item 9

The payment provisions essentially cross refers to the Payment Mechanism which will be set out in Schedule 6. The Management Fee is payable by the Contractor to the Council on a monthly basis.

9 **Termination**

The Council is able to voluntarily terminate the Agreement without cause (Clause 39.1) by giving 20 business days' notice.

9.1 The Contractor is entitled to terminate the agreement if there is an Council Default which is defined to include a breach of the obligations under the Agreement which substantially frustrates the performance of the agreement for a continuous period of three months.

9.2 The Council can terminate for Contractor Default, subject to rectification. Contractor Default is defined to include, amongst other things, a breach of the obligations which materially and adversely affects the performance of the services, is a Persistent Breach or where various Performance and Unavailability Deductions have been levied against the Contractor over a certain period. A Persistent Breach is defined as a breach where a Final Warning Notice has been served and the breach has continued for more than fourteen days or has recurred in three or more months over the next six months after the date of service of the Final Warning Notice.

10 **Compensation on Termination**

In relation to voluntary termination by the Council and termination on Council default and the Contractor will be entitled to compensation amounting to: subcontractor breakage costs and other Capital costs it may have incurred together with 36 months' worth of anticipated profits but subject to a cap of £279,784.

Compensation is payable to the Council on termination for Contractor Default. The Contractor will be required to pay to the Council the administration and legal fees associated with terminating the agreement and any costs and expenses incurred in arranging for the service to be re-provided together with an amount which represents the difference between what the management fee would have been if the contract continued and what the management fee actually is on a retendered contract (for a 36 month period).

11 **Step-in**

The Council has a right to step in and perform the Services in the event that there is serious risk to health or safety, the need to discharge a statutory duty or because of an Emergency. If the step in is precipitated by breach by the Contractor then the Management Fee is suspended and the Council will account to the Contractor for the revenues received, less the Council costs in taking the action during the step-in period.

12 **Insurance**

The Council has agreed to be responsible for building insurance during the life of the contract with the Contractor required to maintain property damage insurance, business interruption insurance and third party public and products liability insurance.

13 **Benchmarking**

As the contract will be entered into sometime before the anticipated commencement of the services at the newly built facility, the Contractor will be entitled to adjust the Management Fee following a benchmarking exercise in the event that the opening of a competing facility has a proven impact on the Contractor's income projections. This benchmarking exercise will take place in the event that a competing facility commences operation between the date of the entry into the contract and a date which is 6 months after the commencement of the leisure services at the White Oak Leisure centre. A competing facility includes sport and leisure activities at new facilities constructed, improvements made to existing facilities or new leisure activities at existing facilities all within a 2 mile radius of the facility. Improvements to a local School Hall are to be specifically excluded from such consideration. The Contractor will take responsibility for the first 5% of any loss of income.

Trowers & Hamlins LLP

January 2020

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