

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.

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.