

TRAFFORD COUNCIL

Report to: Executive
Date: 25 July 2022
Report for: Decision
Report of: Executive Member for Culture, Leisure and Strategic Partnerships

Report Title

Leisure Strategy Review – Part I

Summary

The report seeks approval to proceed to the next stage of the refurbishment of Altrincham Leisure Centre, RIBA stage 4 including the submission of the planning application and the commencement of construction to completion.

The report also provides an update on the leisure investment strategy and associated refurbishment options for Sale, Partington and Stretford Leisure Centres

Recommendations

That the Executive.

- 1) Notes the outcomes of the RIBA Stage 3 consultation for the redevelopment of Altrincham, Sale and Stretford Leisure Centre.
- 2) Approve the facility mix, and design for the redevelopment of Altrincham Leisure Centre as set out in the report.
- 3) Approve progression to RIBA Stage 4 and full construction within the approved capital budget following the completion of RIBA stage 3 for Altrincham Leisure Centre, and updated business case.
- 4) Approve the temporary full closure of Altrincham Leisure Centre to allow refurbishment work to take place.
- 5) Delegate authority to the Corporate Director of Place in consultation with the Director of Legal and Governance to negotiate terms with and agree the terms of any contracts and appointments for the relevant contractors and specialists required to deliver the project and to award such contracts and appointments.

- 6) Delegate authority to the Corporate Director of Place to submit planning permission for the redevelopment of Altrincham Leisure Centre including for Public Sector Decarbonisation Scheme (PSDS) works once confirmed.
- 7) Delegate authority to the Director of Legal and Governance to enter and sign and/or seal the said agreements and contracts on behalf of the Council.
- 8) Notes that any significant changes to either the capital costs identified on completion of RIBA stage 4 or the independently reviewed business case for Altrincham Leisure Centre, will be brought back to Executive for further review and/or approval, and in advance of the Council entering into contractual commitments on the overall capital spend if required.
- 9) Notes the update on the refurbishment proposals for Sale and Stretford leisure centres. Any further commitments to the future phases of the leisure investment programme will only be made when it can be confirmed back to the Executive that the future ongoing subsidy requirements can be contained within the existing budgetary provision. This is to avoid any additional pressure being placed on the current medium term budget gap of the Council.

Contact person for access to background papers and further information:

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Background Papers: Exec Report December 2021

Implications

Relationship to Policy Framework/Corporate Priorities	Contributes to and supports the revised (2021) Corporate Priorities: Reducing Health Inequalities and Addressing our Climate Crisis. It will also support the Trafford Moving Strategy.
Relationship to GM Policy or Strategy Framework	The decision relates to the GM Moving strategy in terms of the aim to increase physical activity levels and GM Gear Change in relation to Active Travel.
Financial	In February 2022 Executive approved £52.1m into the capital programme to cover the costs of the proposed refurbishment of Altrincham, Sale and Stretford Leisure Centres. The capital requirement and funding for Altrincham is detailed in Part II of this report and is expected to maintain refurbishment costs within existing capital approvals.

	<p>The revenue budget approved by Council in February 2022 included support to Trafford Leisure CIC of £1.1m per annum, for a full range of leisure provision for 2022/23 and over the medium term. This includes an ongoing annual revenue budget of £700k supported by use of reserves accumulated from prior years. This also includes the identification and funding of revenue costs to support business disruption during the whole proposed leisure centre refurbishment programme.</p> <p>The business case for the refurbishment of Altrincham Leisure Centre in this report is expected to still require a level of ongoing Council support to fully cover the borrowing costs and this will be contained within current approved Council budgets, with an objective to reduce this once the proposed leisure estate improvements across the whole portfolio have reached maturity. Any further commitments to the future phases of the leisure investment programme will only be made when it can be confirmed that the ongoing subsidy requirements can be contained within the existing budgetary provision. This is to avoid any additional pressure being placed on the current medium term budget gap of the Council.</p> <p>This should also be viewed against the “do nothing” option for Altrincham which would require escalating annual Council support above the £259k currently approved for 2022/23, as the facilities decline, and market share is further eroded. Essential capital works of £3.5m would also need to be incurred to keep the centre open for the medium term with associated borrowing costs. These borrowing costs would further increase the revenue budget requirement above the current provision.</p>
Legal Implications:	The Council will need to appoint a professional team and contractor. It will need to undertake a robust lawful procurement exercise and will need to enter into satisfactory contracts and appointments, which minimises cost and delivery risk as far as reasonably possible.
Equality/Diversity Implications	An Equality Impact Assessment (EIA) has been completed with each refurbishment design. The EIA for the redevelopment of Altrincham Leisure Centre can be found at Appendix 1 of Part I of this report.

	The redeveloped Altrincham Leisure Centre will be more accessible than the current provision.
Sustainability Implications	<p>The redevelopment designs include the replacement of the fossil fuel (gas) heating system with Air Sourced Heat Pumps and Solar Panels which are both significantly more sustainable options than those within the existing facilities.</p> <p>The refurbishment option will reduce the carbon omissions compared to a new build development.</p>
Carbon Reduction	<p>The redevelopment designs include the replacement of the fossil fuel (gas) heating system with Air Sourced Heat Pumps and Solar Panels which are both significantly more sustainable options than those within the existing facilities.</p> <p>Cycle storage provision and links to the existing Active Travel network have been incorporated into the designs.</p>
Resource Implications e.g., Staffing / ICT / Assets	No direct implications
Risk Management Implications	<p>Lessons have been learnt from the move Urmston project to mitigate risk and provide greater cost certainty.</p> <p>RIBA Stage 3 designs have been completed and costed. Further designs and surveys will be undertaken at RIBA Stage 4 to firm up costs and reduce the risk to the Council.</p> <p>The capital spent by the Council will need to be paid back by increased income and profits generated by the centre to avoid a revenue budget pressure above current approved support. To mitigate the risk around this, the Council commissioned independent due diligence of the business plans as part of our risk mitigation. This can be seen at Appendix 1 of Part II of this report.</p> <p>There are still revenue risks associated with inflation, central costs, car parking, VAT, and market conditions. These will be assessed further in the business case alongside the RIBA Stage 4 capital.</p> <p>The risks associated with inflation and market conditions include the potential for supplier time lags associated with getting the projects to construction commencement.</p>

	<p>There are several risks and mitigation options to be considered with construction works of a leisure centre. Not least this will include the financial impact on Trafford Leisure and the ability to maintain business continuity of service provision during the works through a robust displacement programme.</p> <p>Costs associated with getting to the planning stage are a risk to the Council until a successful planning decision, judicial review period and procurement of contractors.</p>
Health & Wellbeing Implications	<p>Investment into the Altrincham Leisure Centre will provide a facility mix that encourages physical activity which is a key component to improve the immediate and long-term Health and Wellbeing, including mental health for the residents of Trafford. This will be achieved by providing facilities and programmes of engagement that target the inequalities in Trafford and provide opportunities to reduce the levels of inactivity.</p>
Health and Safety Implications	<p>A “do nothing option” would result in Altrincham LC being closed in part due to health and safety concerns as there are health and safety risks that are being managed in the centres.</p> <p>The leisure centres could continue to be patched up, but the longer that this continues, the higher the risks become in terms of health and safety.</p>

1 Background

1.1 Physical exercise plays an important part in improving the health and wellbeing of Trafford residents, supporting them to live longer and in better health. Leisure centres play a vital role within the local community as research shows that the proximity and accessibility of a leisure centre to where a person lives has a bearing upon the amount of exercise taken.

1.2 The Council is currently subsidising Trafford Leisure losses from its approved revenue budget. This is c£1m per annum, including use of reserves, and is expected to rise as the asset’s condition decline. Capital maintenance of over £8m has already been approved for essential statutory works and these will also increase over time and the associated borrowing costs put further pressure on the revenue budget. This is effectively the “do nothing” or minimal maintenance scenario.

- 1.3 The refurbishment of Urmston Leisure Centre, which completed in 2020, has delivered improved facilities, usage and financial returns. This pays back borrowing and reduces the subsidy the Council is making against Trafford Leisure's overall losses.
- 1.4 The Strategic Outcomes Planning Model (SOPM) Stage 3 adopted by the Executive in December 2021 provided an in-depth analysis of the needs and gaps across the borough including Altrincham in relation to sports facilities.
- 1.5 Alliance Leisure were procured via the UK Leisure Framework to lead on the design, in conjunction with Sport England. The development of Altrincham Leisure Centre is based on a detailed brief following robust public consultation and now has greater cost confidence due to the RIBA Stage 3 process.
- 1.6 Trafford Leisure CIC has been involved as part of the project team to ensure the development of appropriate revenue opportunities to compliment the designs and increase future income profiles to support capital investment.
- 1.7 It was agreed at the March 2022 Executive that following the completion of RIBA Stage 3 and prior to a planning application the total individual investment for Altrincham Leisure Centre should be brought to the Executive for approval.

2 Alignment to strategy

- 2.1 Trafford Moving - After receiving approval from Executive in December, Trafford Moving is currently out to public consultation and will report back later this summer. The insight will support the outcomes of both the Leisure Strategy and Active Travel strategy.
- 2.2 At each leisure centre there will be improved shower and changing facilities and where possible secure cycle storage. This investment in local facilities and infrastructure will improve access to leisure centres and makes active travel a viable option for more people. Commuters and shoppers alike will be able to safely and comfortably access town centre leisure facilities and conveniently connect with local tram and travel networks to complete their onward journey.

3. Altrincham Leisure Centre

- 3.1 Net income at Altrincham has been projected through the business case found in Appendix 1 in the Part II of this report. The independently reviewed business case supports the facility mix, refurbishment and proposed investment into Altrincham Leisure Centre.
- 3.2 In developing the scheme and cost of borrowing, partners have worked in agreement with both Trafford Leisure and the Council.

- 3.3 We also know that by increasing physical activity opportunities there should be increased footfall as the recently refurbished Move Urmston evidences with corresponding improvement to the health and wellbeing of our residents, which is of course a real benefit and will be monitored post project by robust KPI's and an operating agreement between Trafford Council and Trafford Leisure.
- 3.4 The Council will continue to seek external funding to minimize borrowing costs in the short- and medium-term financial plan and support the affordability of the business cases for each refurbishment.

4. The Facility Mix

4.1 The Facility Mix is detailed below.

4.1.1 Informed by the public consultation carried out as part of RIBA stage 3, Trafford Council and Trafford Leisure have worked with Alliance and their design team to further:

- 4.1.1.1 improve the customers journey and fitness and leisure options;
- 4.1.1.2 optimise and increase income levels;
- 4.1.1.3 improve the aesthetic appeal of the building and bring the standard of the leisure centre in to the 21st century; and
- 4.1.1.4 future proof the building as much as possible, with the addition of more flexible space and better utilisation of the centre's footprint.

4.1.2 A redesign of the internal space includes the following proposed facility mix:

- 25m swimming pool – Five lanes and storage.
- 20m leaner pool.
- Pool pod to improve accessibility.
- Combined lobby area with pool viewing and café.
- Wet village change including individual, group change and a Changing Places accessible facility.
- Health and Wellbeing facility.
- Wellness assessment room.
- Enlarged fitness suite.
- Fitness change and dry change.
- Two flexible studio spaces.
- Immersive spin studio.
- Four court sports hall and storage.
- Gymnastics hub and storage.
- Community / Meeting / Party space.
- Staff rooms and offices.

4.1.3 An extension to accommodate a spa.

4.1.4 Notes 2 squash courts are being removed to accommodate the new facility mix.

4.1.5 The proposed designs for approval can be found at Appendix 2.

5. Consultation

5.1 A consultation was undertaken after the completion of RIBA stage 2 between the 12th and 30th January 2022 using the Council's Citizen Space portal to ask residents questions relating to themselves, the proposals for the facility mix and a programme of delivery of service within Altrincham Leisure Centre.

5.1.1 There were three virtual sessions open to members of the public to attend to discuss the proposals and several conversations with key stakeholders.

5.1.2 The consultation was promoted using the Council's and Trafford Leisure's social media, in a press release to the local media and in local community facilities within Altrincham including the transport interchange, local supermarkets and Trafford Housing Trust accommodation. The consultation was picked up and therefore promoted by several local social media channels. The promotion continued throughout the consultation period.

5.1.3 576 people responded to the online consultation with a split of 53% female, 43% male and 4% not answering. Most respondents were in the 35 to 54 age categories whilst 45% stated that they were not doing the recommended 150 minutes of physical activity each week.

5.1.4 The results of the consultation can be found at Appendix 3 with the headlines from the consultation below:

5.1.4.1 There was negativity towards the condition, facilities, cleanliness, and parking associated with Altrincham Leisure Centre in its current state.

5.1.4.2 76% of the respondents welcomed the proposals for the reception and café with 4% not welcoming the proposals whilst 78% welcomed the proposals relating to the studios and sports halls with 6% not welcoming the proposals.

5.1.4.3 The consultation on the proposals around the enlarged fitness suite (gym) and changing options highlighted that 74% welcomed the proposals with 5% and 6% not welcoming the proposals.

5.1.4.4 71% of the respondents welcomed the proposal around the SPA, relaxation and treatment areas with 15% not welcoming the proposals

5.1.4.5 In terms of activities being prioritised, respondents highlighted swimming, the fitness suite, fitness classes, the SPA and wellbeing areas as well as the sports hall.

- 5.1.4.6 In terms of squash, a specific question was dedicated to the proposal to replace the current squash courts with a studio, café and community space. Note the proposed suspended floor would double the usable space of the double heighted squash courts. 70% of the respondents stated that they agree with the proposal.

6. Public Sector Decarbonisation Scheme – Phase 3 (PSDS 3)

- 6.1 The government are supporting local authorities to remove carbon from public buildings through a funding scheme.
- 6.2 The Council are in the process of finalising the PSDS 3 bid which includes Altrincham Leisure Centre and the Move Urmston centre. The funding would be a £4.3 million contribution to both centres.
- 6.3 A successful PSDS 3 funding bid will support the procurement of sustainable technology including air sourced heat pumps, and solar panels which are included in the programme of delivery for Altrincham Leisure Centre. This will also support the reduction in utility costs relative to traditional heating methods.

7. Business Case

- 7.1 Completion of RIBA Stage 3, which is where the coordinated design really takes form and is developed alongside structural design, building services and a cost exercise.
- 7.1.1 The completion of RIBA stage 3 has provided Trafford Council with additional information and a closer understanding of the buildings condition and the cost associated with refurbishing it.
- 7.1.2 The cost identified to refurbish Altrincham Leisure Centre has been updated based on this more detailed assessment and changes to the design, as set out in Part II of this report.
- 7.1.3 To help offset the costs identified the Council would look to undertake a value engineering process to manage the costs whilst keeping the principle to maximise returns from Trafford Leisure's operation of a refurbished leisure centre. This was the model that is currently working well at Move Urmston, which was refurbished in 2020.
- 7.1.4 The refurbishment of Move Urmston provided significant investment into the internal and external aesthetics of the building including a full glass frontage, as well as extensive cladding and landscaping works. The refurbishment of Altrincham Leisure Centre will be extensive but will need to be considerate of the budget identified and subsequent investment identified for Sale and Stretford leisure centre.

- 7.2 In preparing the business case, Max Associates have worked in agreement with both Trafford Leisure and the Council. This has also been carried out alongside the completion of RIBA stage 3 to incorporate the assumptions and adjustments to design.
- 7.3 The modelling for the business case considered:
- Current agreed 2022/23 budgets for Trafford Leisure;
 - Impact of works being undertaken at the centre, which will include full closure;
 - The ability to direct users to the other local centres /community assets;
 - Floor plans showing the refurbishment works issued by Alliance Leisure Services in November 2021;
 - High level forward projections of the wider Trafford Leisure budget across 6+ years;
 - Review of the original business cases once the investment has been delivered, given the current market conditions; and
 - For business planning purposes it is presumed that the centre will be closed for 1 year and 3 months (65 weeks) from January 2023 – April 2024.
- 7.4 Assumptions on income are based on the impact across each activity area including dry side activities, pool, swimming, gym membership and health and fitness. Assumptions on expenditure have been calculated on areas including staffing, programming, sales utilities, premises, and overheads.
- 7.5 Assumptions have been made based on industry trends and the progress of the recently redeveloped facility at Move Urmston.
- 7.6 The positive trading at Move Urmston provides evidence and confidence in the impact that significantly improved facilities have on demand for the facility. This trend has been noted elsewhere, where newly built or significantly improved facilities have recovered to a better position than pre-Covid and have overachieved on business plan projections.
- 7.7 The majority of growth is expected to happen within the first 2 years of the centre opening, with resource allocated to support this growth.
- 7.8 There is an identified risk relating to car parking arrangements, which will be further reviewed in the final business case alongside the RIBA 4 process. There are also risks associated with VAT and central costs of Trafford Leisure which will also be considered and mitigated.
- 7.9 Utilities costs continue to rise, which the proposed Public Sector Decarbonisation Scheme (PSDS) works are expected to mitigate once the grant is agreed. This is a risk currently being reviewed in the Council's Medium Term Financial Plan regardless of the refurbishment programme progressing.

8. Altrincham Leisure Centre - Next steps

- 8.1 With approval the next step is to move to the next RIBA stage (4) which includes final clarifications for cost and scope, developing the designs for a planning application and then a move into the construction phase of the redevelopment. This will include a further review of the business case and all associated risks. Any significant changes to either the capital costs identified on completion of RIBA stage 4 or the independently reviewed business case for Altrincham Leisure Centre, will be brought back to Executive for further review and/or approval, and in advance of the Council entering into contractual commitments on the overall capital spend if required.
- 8.2 To accommodate the redevelopment there will be a temporary full closure of Altrincham Leisure Centre to allow refurbishment work to take place. Closure will take place over Christmas 2022 to prepare for works being carried in January 2023. A full refurbishment of Altrincham Leisure Centre is estimated to take up to 18 months. Further detail on this will be understood upon completion of RIBA stage 4. A part closure had been considered but isn't viable due to the tight constraints of the site and red line boundary.

9. Other Options

- 9.1 Do nothing - Doing nothing could lead to the ultimate closure of Altrincham Leisure Centre as usage continues to decline due to the extremely poor condition of the existing facilities. During the decline the Council will incur increasing annual revenue costs to subsidise Trafford Leisure CIC as a going concern over several years and will still need to undertake and fund significant essential health and safety capital works during the same period. Strategic outcomes will not be delivered, and this option would directly impact on the council's ability to directly address health inequalities and climate crisis.
- 9.2 Undertake short term ongoing maintenance works with associated additional costs required to ensure the centre can remain open. However, this wouldn't drive key outcomes such as health and wellbeing or provide a revenue opportunity but would provide some maintenance cover for a zero-to-five-year lifespan. This has the same financial pressures as above and would likely lead to ultimate closure as capital and revenue costs escalate. The building or parts of the building would also experience temporary closure for reactive maintenance during this period and associated business disruption.
- 9.3 Rationalise the leisure centre estate to reduce the cost of the redevelopments, and ongoing maintenance as well as release capital to fund the redevelopments.

10. Sale Leisure Centre

- 10.1 Using the RIBA Stage 2 designs completed Spring 2022 and presented in the March 2022 Executive, public consultation for Sale Leisure Centre

commenced 1st June 2022 and ended 30th June 2022. The results of the consultation will be presented back in Autumn 2022 Executive.

- 10.2 The Council's Citizen Space portal was used to ask residents questions relating to themselves and the proposals for the facility mix and a programme of delivery of service within Sale Leisure Centre.
- 10.3 The consultation was promoted using the Council's and Trafford Leisure's social media as well as in a press release to the local media. The consultation was picked up and therefore promoted by several local media outlets. The promotion continued throughout the consultation period.
- 10.4 There was three in person drop-in sessions at Sale Leisure Centre and a dedicated email address for bespoke feedback to be captured.
- 10.5 In addition, consultation has taken place with key stakeholders from Public Health, MFT, Trafford Leisure, and representatives from the third sector to inform opportunities for external programmes.
- 10.6 A full report will be presented back in Autumn 2022 Executive and will be used to inform the RIBA Stage 3 designs including a more detailed facility mix which will give the best outcomes for residents whilst providing the commercial outcomes required for the business case to fund the capital investment and reduce existing ongoing budget pressures.
- 10.7 Further consultation will take place as part of the statutory Planning consultation.

11. Stretford Leisure Centre

- 11.1 Following key stakeholder engagement, the RIBA Stage 2 design has been updated to assist with the development of the business case and aid discussions to secure additional capital funding.
- 11.2 A fully updated RIBA Stage 3 business case including an updated business plan is to be reported to Executive in Autumn 2022.
- 11.3 A decision on the next Leisure Centre to be refurbished post commencement of works at Altrincham is to be presented to Executive in quarter 1 of 2023.

12. Partington Leisure Centre

- 12.1 Trafford Council has submitted a robust bid for the government's Levelling Up Fund round 2 as a funding source to develop Partington into a Health and Wellbeing Hub which includes a refurbishment of the existing leisure centre, Electric Vehicle charging points, the refurbishment of cross lane changing rooms, improvements to the BMX site and further sport and physical activity opportunities

12.2 Applicants are to be informed by Government if they are successful in Autumn 2022 with a project completion date of March 2025.

12.3 Trafford Council continues to work with the Football Foundation and Dean Trust to secure investment into a second 3G pitch at the Broadoak School and Partington Sports Centre.

Reasons for Recommendation(s)

Leisure Centres help support the health and wellbeing of the general population helping people to live longer and in better health. In turn, reducing the growing burden upon the health and social care system.

Trafford has a declining leisure asset, which is leading to a loss of market share by Trafford Leisure and will also negatively impact on the ability to recover usage back to at least pre-COVID levels. The Council is currently subsidising Trafford Leisure losses from its approved revenue budget, which is estimated to be £1m per annum and is expected to rise as the assets decline.

With the facilities in decline the strategic importance of this to the Council's aims and corporate priorities is paramount.

Exempt Information

By virtue of Paragraphs 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended by The Local Government (Access to Information) (Variation) Order, the following information has been excluded from Part I of this report and included in Part II of the report:

3. Information relating to the financial or business affairs of any particular person (including the authority holding that information)

In all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Key Decision: yes

If Key Decision, has 28-day notice been given? Yes

Finance Officer Clearance: GB

Legal Officer Clearance: TR

CORPORATE DIRECTOR'S SIGNATURE:



To confirm that the Financial and Legal Implications have been considered and the Executive Member has cleared the report.

Appendix Part I

Appendix 1 - Equality Impact Assessment

Appendix 2 - Design proposals

Appendix 3 - Consultation results