

## **Response and Recovery Committee**

29 October 2020

### **Kingfisher Leisure Centre - Options & Next Steps**

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Relevant Portfolio Holder: Councillor Sweeney (Portfolio Holder for Business and Leisure)

#### **Purpose**

To provide an update to the Committee on the outcome of surveys works on Kingfisher Leisure Centre and to set out the options and proposed next steps.

To **RESOLVE** that -

1. The Council proceeds with the assessment of the comprehensive redevelopment for Kingfisher Leisure Centre and the adjacent site of the Cattle Market subject to a further report to the Response and Recovery Committee in November 2020 which will set out the commercial options for operation of a leisure facility and provide a view on the financial options for delivery.

#### **Benefits to the Community**

The comprehensive redevelopment of the Kingfisher Leisure Centre will create new modern leisure facilities and improved community spaces. The new facility will also provide an improved leisure and recreational offer that will increase footfall to the town as part of our economic recovery and renewal.

#### **Key Points**

- A. Kingfisher Leisure Centre had to close in December 2019 due to concerns about the structural integrity of the roof. This report provides further clarification following surveys of the site (appended in a separate folder associated with this Agenda on the website)
- B. The outcome of the surveys and associated assessment of the overall condition of the building has highlighted the need for significant capital investment to ensure the long term sustainability of the asset.
- C. Additionally the Council is refreshing their Leisure Strategy to ensure the current provision is aligned to need and understand what investment is required to meet future needs.
- D. The accumulation of evidence surrounding the current condition of Kingfisher Leisure Centre and a desire to provide 'future proofed' assets has resulted in an approach of comprehensive redevelopment of the leisure facility and Cattle Market site.

## Context

1. The Kingfisher Leisure Centre had to be closed at short notice in December 2019 following concerns about the structural integrity of the roof. To ascertain the severity of the situation a visual inspection of the site and roof structure was undertaken in January 2020 by a Chartered Surveyor, following the holiday period. These visual inspections by a qualified professional confirmed the site needed to remain closed and advised the Council to undertake more intrusive and detailed surveys to assess the full scale of disrepair. At that point in time the overall budget for the roof repair alone was projected to be in the region of £3m.
2. Due to the impact of COVID-19 further intrusive and detailed surveys were only able to be undertaken on the roof structure during the spring and summer in line with Government guidance. Those surveys confirmed the roof is at high risk of catastrophic failure which means the site could not be reopened. Work was carried out to assess the options of initiating 'temporary works' to enable the opening of the dry side only but this again would create a significant risk and cost particularly in the context of all leisure centres being locked down at this time by COVID-19 guidance.
3. Kingfisher Leisure Centre was constructed in 1984 during a significant burst of Local Authority led leisure developments which were developed into a business case which provided income into Local Authorities budgets. These developments were some of the first non-statutory investments Local Authorities made into assets and between 1950 to 1995 England's leisure estate grew from 320 to 1800. The centre is therefore over 35 years old and so quite naturally, has further challenges linked to its age as follows:-
  - a. The plant equipment is aged and requires refurbishment
  - b. The mechanical and electrical elements of the site are aged and require refurbishment
  - c. The building fabric in addition to the roof is aged and needs refurbishment
  - d. The site is fully reliant on fossil fuel and costs a significant amount in utility costs. The opportunity to retrofit to more sustainable energy is limited if not non-existent.
  - e. Although a much loved facility by the community it is 'of its age' and ultimately does not meet all the future requirements of sports and leisure and has limited to no flexibility in its layout or footprint.
4. In addition to the significant challenges with the condition and asset management requirements of the site the leisure industry itself has been one of the hardest hit sectors from the COVID-19 pandemic. The timeframe for undertaking assessment and ascertaining the exact costs of repair due to impacts on supply chains and the construction industry twinned with the overall negative financial liability leisure centres, renders the decision to repair incredibly challenging for the Council.
5. The matter will require considering a significant capital investment in an asset which is neither sustainable in its delivery or its condition and additionally requires current revenue subsidy as set out in section 10. Additionally, in the context of the Council's financial constraints given the impact on its own budget

due to COVID-19, any decision has to be balanced with its other financial commitments linked to delivery of statutory services.

6. The site of Kingfisher Leisure Centre is next to Cattle Market car park which was constructed in 1985 and is in some similar respects as Kingfisher Leisure Centre, challenging in terms of its condition and fabric. The 2 storeys of underground parking have had to be closed due to health & safety compliance requirements of the site. From the Council's planning perspective there would be a requirement, even in the context of repair, to take both sites into consideration collectively.

## **Proposal and Options**

7. There are broadly three options for Kingfisher Leisure Centre:
  - a. The Council sets a capital budget which includes a significant contingency to repair the existing leisure centre and accepts that it will never be a sustainable option and can only be projected to be fully compliant for 5 years (or less depending on policy and legislative changes to Local Authority requirements to meet sustainable energy standards). This is likely to be in the region of £5.3m but as yet is not tendered and will take at least 18 months to reopen.
  - b. The Council proceeds to repair the leisure centre at the cost above and embarks on developing feasibility assessments of any proposed redevelopment options at the same time. That will still mean the need for a £5.3m spend and 18 month wait, the leisure facility would then be open for 6 to 12 months until it's then potentially demolished for redevelopment
  - c. The Council proceeds with considering options for the comprehensive redevelopment of the Kingfisher Leisure Centre and Cattle Market sites with the delivery of the Leisure Centre as the first priority. It is anticipated that a new leisure centre could be completed by 2023/2024 but would ultimately provide modern, fit for purpose enhanced facilities. The site would also be required to meet BREAM standards and to be fuelled by sustainable energy sources where possible. The final costs of a modern facility will depend on what is selected as the preferred option of delivery of a new facility and how the Cattle Market may contribute to any proposals. Also, the delivery model will be a material consideration in the viability of any proposals and may result in the Council building the site itself or seeking a partner. These options will be presented at the November R&R Committee.
8. None of the above options are particularly simple and all are significant in terms of risk to the Council in terms of finances and loss of a community facility. However, ultimately a decision has to be made as to the long term proposals of the Kingfisher Leisure Centre and that can only be done so within the wider context as set out earlier in this report. The Council has limited funding available, a desire to provide community facilities to its residents but a requirement to sustain its statutory services in the context of serious financial constraints.

## **Places Leisure & Revenue Considerations**

9. The Kingfisher Leisure Centre is currently managed by Places Leisure under a contract awarded in 2006 and extended in 2017 to 2026. The total value of the contract is approximately £64,000,000 and covers the management and

operation of four leisure centres in the borough, including the Kingfisher centre. The contract is a traditional services model, whereby the Council pays a management fee to Places Leisure and also has responsibility for maintenance costs. For 2020/21, the management fee is £40k and the maintenance costs are £208k. Having renegotiated the commercial terms as part of the extension, the fees have significantly reduced over the past three years and will move to a no fee basis by 2022/23. The contract operates on a principle of open book accounting.

10. As a result of the Covid-19 pandemic, the Council agreed a package of financial support and contractual relief to Places Leisure for 2020/21 at the Response and Recovery Committee on 30 July 2020, covering both the closure and recovery periods. This included closure costs for the Kingfisher Leisure Centre and an indicative sum for the recovery period to March 2021. The parties agreed to treat the Kingfisher leisure centre separately given that it was not in a position to reopen and the liability for the Council is clearly set out contractually.
11. Depending on the option that is taken forward, there are different contractual implications and associated costs, the details of which are subject to commercial negotiation with Places Leisure and are therefore provided in a **confidential annex**.

### **Consultations**

12. In response to recognition that the borough's leisure assets were in need of investment, a piece of work was started in 2017 to inform recommendations for a new Leisure Asset Strategy. This work has now been revisited to take account of current requirements and changes to site availability and wider regeneration plans for the borough. Further financial modelling on investment and operating models is underway and will inform the final leisure strategy recommendations for the borough. Once final recommendations are put forward, there will be wider public consultation on the leisure strategy for the borough.

### **Timescale**

13. Following the Committee Decision, Officers will proceed with initiating the next stage of work so that a programme can be provided to a further Committee outlining more detail in terms of the timescales including the future operating model.

### **Financial Context**

14. The council is operating in an increasingly challenging financial environment. Kingston faced a number of financial challenges in the medium to longer term - even before the COVID-19 outbreak, which has further added to these challenges. The economic and financial consequences of the pandemic, growing demand for services, and limited government grant funding make it difficult to find adequate funds to meet the borough's needs.
15. The future of local government finance faces a significant level of uncertainty. The impact of the Fair Funding Review and a future review of business rates is

currently unknown, and the lasting effects of COVID-19 on our residents, local businesses and the Council itself remain uncertain.

16. Despite these challenges the council has a drive and commitment to ensure it is doing the best for residents and communities and is therefore seeking to provide a modern, sustainable new leisure facility.

### **Resource Implications**

17. As outlined in the “Place Leisure and Revenue Considerations” each option has revenue implications. These include contract costs, loss of profits, buy out of assets, and operational costs.
18. All of the above options will result in a capital project, to be funded from the capital programme. This will be subject to a further report to the R&R committee, outlining the costs associated with each option, for approval.

### **Legal Implications**

19. Any proposals to develop on either site will require completion of legal due diligence including ascertaining the current land holding, title impediments and occupier rights as well as an assessment of the current users and impact on leisure services due to any ongoing closure of this facility. Whilst there is no statutory obligation on the Council to provide leisure services, the Council is under a duty to ensure that it acts in a rational and reasonable manner taking account of all relevant matters including its fiduciary duty in coming to any decision it makes relating to this facility.

### **Risk Assessment**

20. The process of development will be rigorously assessed in terms of risk as we move forward with the feasibility.
21. The report to the November R&R Committee will set out in more detail the key risks and how they will be mitigated and managed.

### **Equalities Analysis**

22. A full EQIA will be completed as part of the feasibility stages of this project.

### **Health Implications**

23. Supporting people of all ages and abilities to be more physically active is essential for local authorities meeting their public health responsibilities. Specifically, it will affect indicators identified in the [Public Health Outcomes Framework 2016 to 2019](#) and the [NHS Outcomes Framework 2016 to 2017](#). Physical inactivity costs the NHS in the UK around £1 billion per year ([Making the case for public health interventions](#) The King's Fund; [The economic burden of ill health due to diet, physical inactivity, smoking, alcohol and obesity in the UK: an update to 2006-07 NHS costs](#) Scarborough et al. 2011). including costs to wider society, this rises to around £7.4 billion a year ([Everybody active, every day: an evidence based approach to physical activity](#) Public Health England).

24. In the last 12 months, 14 million adults (31.3 per cent of the nation) went swimming – 7.8 million women and 6.2 million men. Almost 27 per cent of children aged seven-16 years old swam in the last week. That's 1.88 million young people. (stats Dec 2019 swim England) Swimming is one of the most popular activities and the need for a leisure site that includes a wet site (pool) is key as a borough we have only two facilities the Malden Centre and Kingfisher (currently closed) without this the schools are struggling to have swimming lessons and those users with less mobility and are less active may not have access to a local facility. The childhood obesity rates in some areas of Kingston are high and especially in Norbiton without an affordable open facility these numbers may see a rise. a The Active lives survey 2017-18 showed that in Kingston a total, 71.2% of the population are achieving the Chief Medical Officer's recommended levels of activity per week, well above the London average (64.4%). Without a leisure centre being available in central Kingston this figure could be affected as local resident do not have anywhere to go that is easily accessible, Ideally we would like to ensure this number remains high to maintain the wellbeing of the local residents and reduce the reliance on other services e.g. NHS so having a new or refurbished centre that is fit for purpose would be positive for the health outcomes of the residents.
25. There remains a positive association between physical activity levels and mental wellbeing, with those who are active having higher levels of mental wellbeing, the leisure centres help to provide a safe place for residents to take part in activities.
26. Public health services, Get Active programme and Better bones both were running out of the Kingfisher site and whilst they have relocated and moved on line during the Covid period some users are now less active as they would have been when being guided 1:1 at the centres.

### **Road Network Implications**

27. Transport issues would be considered from the earliest stages of any proposal to ensure that the potential impacts of development on transport network are addressed; opportunities to promote walking, cycling and public transport use are identified and pursued; appropriate opportunities for avoiding and mitigating any adverse effects, and for net environmental gains are explored; and that patterns of movement, streets, parking and other transport considerations are integral to the design of proposal, and that any redevelopment contributes to making high quality places.

### **Sustainability Implications**

28. The implications on air quality will need to be managed in the processes and materials used in meeting the options presented.
29. The impact to existing ecology in the area and the opportunity to enhance ecology through any of the proposed is critical to maximising the quality of the asset and wider benefits to air quality.
30. The design development will ensure the site offers Biodiversity Net Gain, ideally a minimum of 10% which will be mandated through the incoming Environment Bill. This will need to use the DEFRA Biodiversity Metric which is still awaiting to

be fully adopted. However the general ways in which this can be achieved through a development such as this would be the inclusion of habitat features in the design such as swift, bat and bee boxes, habitat creation areas, bat sensitive lighting and any other considerations.

**Background papers** - None other than those referred to in this report