

| | | | |
|-------------------------------|------------|-----------------------------|------------|
| Key Decision Required: | Yes | In the Forward Plan: | Yes |
|-------------------------------|------------|-----------------------------|------------|

CABINET

19 JULY 2019

JOINT REPORT OF THE PORTFOLIO HOLDERS FOR CORPORATE FINANCE & GOVERNANCE AND LEISURE AND TOURISM

A.2 CLACTON LEISURE CENTRE REFURBISHMENT

(Report prepared by Michael Carran, Jeanette Thomasson and Richard Hall)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

That subject to the approval of a business case scheduled for consideration by Cabinet in August, to request budgetary provision to fund asset improvement works to the swimming pool changing rooms and health suite areas at Clacton Leisure Centre, as the first phase of a wider strategy for the Council's Sports Facilities.

EXECUTIVE SUMMARY

- In parallel with the Council's 10 year financial plan, an overarching Sports Facilities Strategy is being developed for consideration in the autumn to ensure the service meets customer demand, supports the work of the Sport England Local Delivery Pilots project and provides long term financial sustainability.
- The overarching strategy is unpinned by essential asset improvement works at Clacton Leisure Centre (CLC) to ensure the facility is not only operating with high standards of customer service, but importantly ensures long term customer growth supporting financial sustainability. This report covers preliminary asset improvement works and is considered the first phase of a long term plan.
- The swimming pool changing rooms and spa area at CLC are now at the end of their maintenance lifecycle and are in need of refurbishment. With a contingency budget, the cost of **£525,000** will ensure those facilities are brought up to the standard expected from a modern leisure centre. A supporting business case for this work will be considered by Cabinet in August and no work will commence prior to approval.
- This programme of asset improvement is required, as the key areas including the flooring, cubicles and lockers are in a poor state of repair. There is also an opportunity to improve accessibility for parents with young children by increasing the number of family changing cubicles, and making alterations to the shower configuration.
- Furthermore, the Health Suite area was part of a redevelopment of CLC in 2007 and despite ongoing maintenance, the area has suffered from the effects of poor ventilation. The result of this has been a deterioration of the ceiling, including rusting of the ceiling grids and continued staining and soaking of ceiling tiles. The appearance of the showers in the area is poor, with tiles lifting from the wall.
- There will be a key emphasis on environmental improvements to the facility and

further savings be realised, by incorporating energy efficient adaptations within both the lighting and mechanical specifications.

- As was recently reported in the financial year outturn report 2018/19, the repairs and maintenance budget for Clacton Leisure Centre was £67K over budget due to ongoing repairs in this area in order to keep the facilities open. Asset improvement works will reduce the increasing maintenance costs in these areas and bring expenditure back under control.
- Based on the current situation £536K of additional projected building repair costs over the rest of the 10 year period would be avoided if the asset improvement works were undertaken.

RECOMMENDATION(S)

(a) That Cabinet agrees to the asset improvement works to Clacton Leisure Centre as set out in this report.

(b) That subject to a). above, £525,000 is allocated from the 2018/19 corporate underspend towards this project, subject to the approval of a business case being brought forward to Cabinet in August 2019.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

Asset improvement works, with energy efficient adaptations will assist the Council in its objective to enhance its Leisure Facilities and achieve affordable excellence throughout its services, together with improving customer access to services.

Enhancing sports facilities will also compliment work which is currently taking place on the Sport England Local Pilots project, which has recently attracted £10m of investment between Tendring, Colchester and Basildon.

FINANCE, OTHER RESOURCES AND RISK

The budget cost projected by an Architect will be £525,000 for the works to both the swimming pool changing area and health suite. It takes into consideration professional fees and allows for a 20% contingency. A full business case for this project will be brought forward for consideration in August. No work on this proposed refurbishment will take place until this has been approved.

The above will help deliver on the cost pressure mitigation pillar of the 10 year financial sustainability as the need for additional repairs costs will be removed. Based on the end of financial year 2018/19, this would mean that £536K of additional costs over the rest of the 10 year period would be avoided. Further savings will be realised by incorporating energy efficient lights and variable speed drives on the circulation pumps.

In addition to this, the poor condition and appearance of the wet side area and Health Suite creates a poor impression of the overall Leisure Centre and has resulted in difficulty selling memberships. This is evidenced in the loss of customer membership direct debit income, which was £47K in the 2018/19 financial year.

In addition, the lack of quality in these areas has limited the ability to sell the Leisure Centre and remain competitive, resulting in loss of customers and income. It is worth emphasising that this phase of the project will only address the issue of additional building repair costs and that loss of income will be dealt with as part of the long term leisure strategy.

The long term leisure centre strategy which will be brought forward in the autumn will include a detailed business plan and a list of potential projects for consideration. Each project will be judged on whether the proposed expenditure will deliver a return on investment which will contribute to the savings required to make a contribution from sports facilities to the overall 10 year plan savings. As sports facilities made up 5.36% of the overall TDC Budget at the end of 2016/17 the required saving over the 10 year period equals £160K.

Risk

If the decision is taken not to invest in the refurbishment, maintenance costs and loss of income from memberships will result in increased subsidy cost and reputational damage.

Any capital investment comes with strategic, operational and reputational risks. Strategic risk may arise if the proposed investment takes away commercial competitive advantage if it develops an asset that does not adapt to the external environment. The risk is mitigated in this investment as there is limited competition in the local market for swimming and swimming lessons.

Operational risk could be due to the capital project running over time, budget or being of poor quality. These risks would be mitigated by a formal project board managing this project and in the first instance has partially been addressed by adding contingency into the initial cost proposal.

Finally, it is recognised that there is the possibility of extra reputational damage to a local authority from operational risks, which would again be within the remit of the formal project board to manage. In terms of reputational risks it must also be recognised that to do nothing would continue to damage the reputation of the Council due to the extra financial loss and negative impression created by the asset.

LEGAL

The Request for allocation of budget is in accordance with the Budget and Policy Framework, as set out in Part 5 of the Council's Constitution.

The facility will also continue to meet the requirements of the Disability Discrimination Act if a decision is taken not to refurbish the lift.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

Area or Ward Affected

Clacton Leisure Centre falls within St James Ward but its customer base is from a far wider catchment.

Health Inequalities

Poor health is intrinsically linked with sedentary lifestyles and improved high quality leisure facilities can support the wellbeing of local people.

Equality and Diversity

The facilities at Clacton Leisure Centre are accessible to all members of the community. It is widely used by customers with wide ranging disabilities and age ranges.

The heat and humidity has resulted in regular mechanical issues with the lift servicing the health suite, resulting in breakdowns, regular call outs and reactive maintenance expenditure. The lift circuit boards frequently become too damp to operate and have to be removed, dried and out and replaced. The lift is not currently operational and the building is adequately served by another lift located in the reception area. As the corrosive spa environment is never going to be an appropriate environment for a lift and an alternative is already available, it is recommended that this is removed.

Environmental Issues

Environmentally friendly adaptations will be incorporated into the refurbishment, which will ensure there is an 'invest to save' element to the project. This will include variable speed drives on the swimming pool pumps and changing lights to energy efficient LED's in the Health suite and swimming pool changing area.

PART 3 – SUPPORTING INFORMATION

BACKGROUND

CLC is the largest site within the Council's Sports Facilities stock and attracts around 420,000 visits each year.

The pool changing rooms last underwent refurbishment in 2005 and much of the facility has now deteriorated in condition and in need of replacement/improvement. Ongoing maintenance costs have increased significantly as a result of deterioration and the ability to maintain and attract new customers is increasingly debilitated.

In November 2018 an architect was commissioned to put together budget costings to provide an asset improvement programme the swimming pool changing area and health suite areas. Both of these areas are in need of refurbishment and have been subject to ongoing customer comments/complaints over the last 12 months.

Swimming Pool Changing Area

Scope of works:

- Open plan unisex shower area
- Removal of existing tiled floor and replace with Altro flooring
- Replacement of cubicles
- Replacement of Lockers
- Lighting
- Updating toilet areas

The flooring in this area is heavily stained from the high volume of footfall over the years and the cubicles and lockers are in a poor state of repair.

The lockers have reached the end of their usable lifecycle which results in a large amount of the locker doors broken and remaining open. This can be a hazard at the lower levels for children and access for customers.

There is currently an under provision of family changing cubicles, making it difficult for those with young children to use

The shower area was divided into male and female showers, making it difficult for families to shower together. Although use is no longer restricted to male or female on either side, removing the dividing wall that remains would create an open plan shower area. The ventilation in the area is poor and this has resulted in mould growing into the mastic, which subsequently requires frequent replacing.

Health Suite Refurbishment

Scope of works:

- Alteration to existing toilets to create two new small changing rooms
- Replacement of suspended ceiling and grid
- Replacement AHU and ducting
- Creation of viewing section in partition wall between Health Suite and pool
- Replacement of sauna
- Removal of existing lift
- Redesign of toilets in Lifestyles to prevent water leakage into the ceiling area of the health suite.

The Health Suite originally comprised of a Sauna, Saunarium, Steam Room and Spa Pool.

During recent years, the Saunarium has been re-clad by a contractor and was changed to a second sauna. Following routine maintenance, the second one was condemned and a decision taken not to repair or replace, so remains closed and out of use.

The lift that is situated outside of the Health Suite is no longer in use. The controls have corroded due to the heat and humidity in that area, and replacement will result in the same issue long term. The health suite is situated on the ground floor and those wishing to access from the gym upstairs, may do so via the lift in the main reception area.

The Health Suite is not currently visible from the pool and is monitored by CCTV cameras situated in the main Leisure Centre office. In order to improve safety and the supervision of this area, the cost of a viewing screen to be placed between the pool and the health suite has been factored into the works.

There is intermittent water leakage from the toilet cisterns above the health suite and this goes undetected due to the boxing in of the cistern. This needs to be investigated and rectified which may involve part removal of the floor area in the Lifestyles toilets.

The heat and humidity and failure of effective air extraction in this area are likely to have caused damage to the air ducts. Although this will not be established until they are fully inspected, it is likely they will also need replacing.

Long Term Plan

A 10 year Business Plan will address the loss of income and will include proposed projects such as:

- Addressing the demand for a bespoke Spin Studio;
- Creating a more inviting viewing area on wet side;
- Programming the pool timetable to meet the changing demands on busy lifestyles;
- Lowering the temperature of the Spa Pool to create a relaxation pool, allowing programming of Parent and Baby swimming lessons into the pool. Thereby creating a dual purpose for the Health Suite, to meet demand for these lessons;
- Implementation of Learn 2 Swim project to allow parents to book, pay and monitor their child's progress for lessons online;
- Evaluating all membership packages for all facilities to ensure the service remains competitive in a changing market;
- Partnership working with Essex FA and Football Foundation is already underway to develop a pitch strategy and create a new 3G pitch;
- Working with partnerships to develop the former MUGA at Clacton Leisure Centre which is no longer in use, into a facility that will increase income and participation.
- Potential for development of ancillary hall into toddler play area.

Each project will be judged on whether the proposed expenditure will deliver a return on investment which will contribute to the savings required to make a contribution from sports facilities to the overall 10 year plan savings. As sports facilities made up **5.36%** of the overall TDC Budget at the end of **2016/17** the required saving over the 10 year period equals **£160K**.

Following on from a programme of improvement works over recent years, the Princes Theatre has been developed a successful wedding market and expanded its events programme. This has led to a significantly improved financial position and further investment opportunities becoming sustainable through revenue budgets. This asset improvement scheme will provide the foundation for a longer term strategy for sustainability by improving the facility for existing customers as well as attracting new ones.

BACKGROUND PAPERS FOR THE DECISION

None.

APPENDICES

None