

**WAVERLEY BOROUGH COUNCIL**  
**COMMUNITY OVERVIEW & SCRUTINY**

**16 SEPTEMBER 2020**

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**Title:**

**Leisure Centre Investments update**

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**Portfolio Holder:** Cllr L Townsend, Portfolio Holder for Health & Wellbeing

**Head of Service:** Kelvin Mills, Head of Commercial Services

**Key decision:** Yes

**Access:** Public

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**1. Purpose and summary**

- 1.1 In July 2018 Council approved a capital scheme to extend and expand the facilities at Farnham and Godalming leisure centres. Council also approved to commit to a multi-million pound investment in leisure facilities in Cranleigh and agree that officers begin a detailed consultation, with the support of external consultants, to identify a potential location for the Cranleigh Leisure Centre and report back to Executive.
- 1.2 This report provides an update on the three leisure investment projects.

**2. Farnham Leisure Centre**

**Background**

- 2.1 In July 2018 Council approved a capital budget of £1.5M to progress with the more detailed specification and procurement of the Farnham Leisure Centre scheme.
- 2.2 The proposal included an extension to incorporate a children's soft play and climbing facility, with the addition of a larger café area. It involved the relocation of the current offices.

**Project status**

- 2.3 Following Council approval the project proposals were further explored. Unfortunately the specialist operator of the climbing facility, which formed part of the conceptual plan, subsequently approved installations in Alton and Fleet and has therefore confirmed that such a facility at Farnham is not now available to the Council.
- 2.4 Consequently officers re-negotiated with Places Leisure and explored other service opportunities, to deliver improved revenue position of £100,000. New proposals included extending the soft play offer with a much larger adventure space and additional connected seating, options to utilise technologies to make the facility more energy efficient and closure of the creche due to the significant decline in usage.
- 2.5 Contracts were drafted for Places Leisure and Pozzoni (Architect) and an updated

programme received.

- 2.6 Executive approval was granted on 3rd March to proceed with the project.
- 2.7 Subsequent call-in by Community Wellbeing O&S. The matters raised are currently being addressed.

### **Impact of Covid-19;**

- 2.8 March 2020 - Projects put on hold by Council during emergency recovery phase of the pandemic.
- 2.9 July 2020 - Confirmation received from Places Leisure that, due to the current pandemic and significant financial impact, they could not take the risk and commit to the improved revenue position.

## **3. Godalming Leisure Centre**

### **Background**

- 3.1 In July 2018 Council approved a capital budget of £1.6M to progress with the more detailed specification and procurement of the Godalming Leisure Centre scheme.
- 3.2 The proposal included an extension of the current site to increase the size of the gym by 35 stations, introduce a second dance studio and double the size of members changing facilities.

### **Project status**

- 3.3 Following Council approval the specification and procurement of the Godalming Leisure Centre scheme was further developed with Places Leisure to deliver the improved revenue position of £100,000.
- 3.4 One of the vital enabling elements of the project is parking provision and creating additional spaces to keep cars off Summers Road. The scheme therefore also included an extension of the existing car park creating approximately 88 additional spaces, on an unused corner of the adjacent Broadwater School owned by Surrey County Council.
- 3.5 The disposal of the school land, to create additional car parking, necessitates an application to the Department for Education which will be determined by the Secretary of State. In partnership with SCC we submitted our initial case and have been informed that, despite being redundant and not being used for over 10 years, the land is considered as playing field. As such, the application process must now include a consultation regarding the disposal of land.
- 3.6 Due to the level of risk involved Programme Board decided that the development should be on hold until such a time that we receive Secretary of State Approval for the disposal of land.
- 3.7 Officers are awaiting further guidance from the DfE regarding the detail and completion of the consultation in order to submit our application.

## Impact of Covid-19;

- 3.8 March 2020 - Projects put on hold by Council during emergency recovery phase of the pandemic.
- 3.9 July 2020 - Confirmation received from Places Leisure that, due to the current pandemic and significant financial impact, they could not take the risk and commit to the improved revenue position.

## 4. Cranleigh Leisure Centre

### Background

- 4.1 Following a commitment made by the Council in July 2018 for a multi-million pound investment in leisure facilities in Cranleigh, work was undertaken by the Council's consultants to engage with local landowners to identify the preferred location for a new Cranleigh Leisure Centre.
- 4.2 The scheme is based on current provision, including a main pool, teaching pool, gym and studio. However the final design and facility mix will be determined at a later stage, to meet future demand and to maximise provision and revenue return.

### Project status

- 4.3 All options require significant investment and, as a result, an Investment Appraisal (business case) was developed for each around the feasibility of maintaining leisure provision in Cranleigh. Officers had identified an option for a positive return on investment. Given the magnitude of the impact of Covid-19 it is expected that the revenue assumptions made will now need to be re-visited.
- 4.4 A report was due to go to Executive on 7 April, to seek approval for progressing with a new build scheme. However, due to Covid-19 all corporate projects were put on hold to deal with emergency business.

### Project timescales

- 4.5 SLC has prepared an indicative delivery programme for the preferred option, in the centre of the car park, which is set out below;

Workstream	Period
Pre-construction; <ul style="list-style-type: none"><li>• Prepare brief and procure design team</li><li>• Appoint team, undertake surveys and specialist reports. Prepare outline design and consult stakeholders</li><li>• Design up to detailed planning application including supporting documentation and formal consultation</li><li>• Planning application period</li><li>• Detailed design, discharge of planning conditions and construction information</li><li>• Procure and appoint contractor</li></ul>	105 weeks
Construction phase 1; <ul style="list-style-type: none"><li>• Construct new leisure centre</li><li>• Operator fit out and staff training</li></ul>	64 weeks
<b>New facilities open</b>	<b>169</b>

	<b>weeks</b>
Construction phase 2: <ul style="list-style-type: none"> <li>• Demolish existing leisure centre</li> <li>• Construct external works and additional car parking</li> </ul>	16 weeks
<b>Total</b>	<b>185 weeks</b>

4.6 It is important to note that these are only indicative timescales at this stage and are likely to change when the design is developed and the contract is procured.

### **Risk to delaying work**

4.7 Due to the age of the leisure centre and its ageing plant and structure, major maintenance and repair costs are now unavoidable. The centre is experiencing increasingly significant issues, which are forcing facility closures and have been heavily impacting services and the community since the beginning of 2020.

4.8 There were a number of unforeseen closures from January to March 2020, due to the failure of plant and roofing - prior to the forced government closure from 20 March to August 2020. The risk of further structural issues and potential pool plant failure is high, due to the age of the building. If there is significant failure of plant a partial facility closure may be necessary.

4.9 The longer the delay before further investment is made, the greater the investment that will ultimately be required simply to maintain the centre in Cranleigh. Independent building surveys have concluded that to sustain the current building and facilities as they are (with no improvements) will cost the Council c£6m over the next 5 years.

4.10 It is important to note that this maintenance work will offer no return on investment and further significant investment would be required to retain provision, as the original structure will not have been included in these works.

### **Next steps**

4.11 RCT programme to review all corporate projects and determine whether investments will be progressed, deferred or cancelled.

## **5. Relationship to the Corporate Strategy and Service Plan(s)**

5.1 The leisure investments directly link with Waverley's new Corporate Strategy and the vision to promote and sustain: a financially sound Waverley, with infrastructure and services fit for the future; high quality public services accessible for all, including sports, leisure, arts, culture and open spaces; and a thriving local economy, supporting local businesses and employment.

5.2 The provision of quality leisure facilities in Farnham, Godalming and Cranleigh will directly facilitate the Council pledge to: encourage affordable access to sports and leisure facilities and the arts for all; improve leisure services across the borough, focusing on health inequalities in the borough and seeking to ensure that no area is disadvantaged; and improve facilities for young people.

5.3 Future investment in leisure facilities is based on a robust feasibility assessment that

offers value for money to the Council.

## **6. Implications of decision(s)**

### **6.1 Resource (Finance, procurement, staffing, IT)**

The July 2018 approval of funds for the Farnham Leisure Centre and Godalming Leisure Centre projects remains, therefore no further funds are requested. The financing of this is as previously approved, using both S106 and developer contributions and capital receipts. Despite the loss of the climbing wall facility from the project, the proposed changes above ensure the improved management fee level is maintained and the business case remains feasible.

Approval for funding for Cranleigh Leisure Centre will need to be taken to Executive and following that Council accordingly.

### **6.2 Risk management**

A comprehensive Risk Log is in place, which is monitored by the Leisure Investment Project Working Group and Leisure Investment Programme Board.

### **6.3 Legal**

The Legal Services team is supporting this programme of projects as part of the officers' leisure investment working group and the Leisure Investment Programme Board. Should the Executive agree the recommendations, legal advice will be provided in respect of the renegotiation of any arrangements with Places Leisure under the current management contract, together with any other implications arising from a decision to proceed with this project.

### **6.4 Equality, diversity and inclusion**

An Equality Impact Assessment has been completed for the potential closure of the creche, which concludes that the overall impact of the service closure is likely to be very low.

### **6.5 Climate emergency declaration**

The leisure centre developments are the opportunity to implement new energy efficiency options highlighted in the independent report to reduce the leisure centres carbon footprint.

## **7. Consultation and engagement**

7.1 The leisure investments were approved by Council in July 2018 and have subsequently been to Executive Briefing and Community O&S.

## **8. Other options considered**

8.1 The proposed scheme is based on the findings of the Indoor Leisure Facilities Strategy and increased need to meet future demand.

## **9. Governance journey**

9.1 The leisure investment reports are going to Executive for update and approval.

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## **Background Papers**

**There are / are no** background papers, as defined by Section 100D(5) of the Local Government Act 1972).

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