

CHILTERN DISTRICT COUNCIL

MINUTES of the Meeting of the **CHILTERN LIFESTYLE CENTRE SCRUTINY SUB-COMMITTEE** held on **11 APRIL 2019**

PRESENT: Councillor N Varley - Chairman

Councillors: J Gladwin
M Harker
G Harris
V Martin
D Phillips
N Rose
L Smith

APOLOGIES FOR ABSENCE were received from Councillors J Burton and P Jones

ALSO IN ATTENDANCE: Councillors I Darby, P Martin, S Patel, M Stannard, E Walsh and C Wertheim

7 DECLARATIONS OF INTEREST

There were no declarations of interest.

8 MINUTES

The minutes of the meeting held on 18 February 2019 were noted.

9 WORK PROGRAMME

The Committee considered the work programme attached to the reports pack.

RESOLVED

That the work programme be noted

10 EXCLUSION OF THE PUBLIC

RESOLVED

That under Section 100(A)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following item(s) of business on the grounds that it involves the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Act.

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

11 BUSINESS CASE UPDATE

At its previous meeting, the Committee sought clarity over a number of points in relation to the Chiltern Lifestyle Centre Business Plan. The report and appendix attached to the agenda pack provided responses to these points.

The following issues were highlighted by Members and discussed:

- In relation to the £4m gap in funding noted in the previous meetings reports pack it was explained that a residual land value of 2.4m had been identified for enabling development and a potential option for Sport England to grant aid on the basis of adding value to the project which could significantly help to bridge the £1.6m funding gap. Based on a depreciation and replacement value the value of the current centre had been valued at £4m with the land valued at £1.4m and the building £2.6m. It was clarified that £2.6m was not the market value of the building, this would be significantly less. It had been a prudent assumption to write down the value of £9m which had been given in April 2016.
- Discussions had continued with the County Council over the library; however it was noted that as both assets would be held by the new unitary authority from April 2020 there would not be the requirement to surrender current leases after that time.
- The decision on the final business case, appointment of leisure operator and main contractor would be referred to the Shadow Executive in autumn 2019 for agreement to whatever the Council decides. It was clarified that following scrutiny at this sub-committee, the reports would be considered by Cabinet prior to going on to the Shadow Executive shortly after. This would feed in to the Medium Term Financial Strategy of the new authority. It was suggested that the presentation to the Shadow Executive be added to the work programme. At the time of the next meeting the calendar of meetings for the Shadow Executive would be known.
- It was confirmed that the leisure operators were bidding for each leisure centre as part of a whole bid and were also required to present a variant bid for the existing portfolio for the next 15 years. The estimated costs detailed in the current business case for extending the life of Chiltern Pools by 15 years were a £600k annual management fee as well as annual capital costs of £200k.

- It was clarified that the present membership level for Chiltern Pools was approximately 2000. A latent demand survey identified that the year 3 membership level of the new facility would be 3,413, whilst soft market testing indicated 4,400 was achievable. The large increase was expected due to the increased range of facilities. Indicative bids submitted supported these assumptions.
- It was reaffirmed to Members that the risk would lay with the leisure operator should the number of members differ significantly to those estimated in their bids. The procurement process was robust and due diligence would be used when assessing market history, financial strength, track record, and quality of those companies who had made bids. The weighting framework which was considered when awarding a contract was detailed to Members, and reflected an appropriate balance of price and quality.
- The 800,000 estimated users of the centre per annum were leisure centre users and did not account for users of the community facilities. Additionally no rental income from the community facilities had been accounted for in the business case, although there would be income received from these. It was explained that the increased offer was the factor behind the significant user increase estimate.
- Concern was raised around differing loan payback periods. It was explained that no decision had yet been made on the exact length. The 45 year period had been used as a guide and this could change when the final bids were received. Additionally the amount requested from the Public Works Loan Board could vary dependant on the operator bids received. Any works identified to improve user take up of the offers at Chesham and Chalfont would be factored in to this loan amount. This information would be reported back to members as part of the final business case.
- Additionally the leisure operator contract length was queried, it was confirmed operators were bidding for a 15 year contract with the option of a 5 year extension. The proposed contract would not have a break clause and required a parent company guarantee against failure to deliver against the contract for the full 15 years. The 5 year extension would only apply on satisfactory performance against the contract.
- Members raised concern that the procurement process from year 16 or year 21 would be more difficult. It was said that this was why importance must be placed on building high quality facilities. There were spaces accounted for in the centre that could be re-purposed over time to match what was popular at that time in the leisure market. It was expected that there would not be a decline in people seeking use of leisure facilities over the next 30/40 years with the agenda being pushed so much nationally to combat poor health and save NHS outlay in the long term.
- The bid to Sport England would be submitted to their June board and the grant could be between £500k and £2m dependant on the proposal

and project concerned. Sport England had been very supportive of the project to date and would only invite organisations to bid who they were keen to support.

- Concern remained over parking. This would be addressed at the Planning Committee meeting in May/June 2019. Early indications were that sufficient additional parking was accounted for and would not impact the potential value of enabling development land. The report on enabling development would be available at the next meeting. Members identified that parking was also a valuable income stream to consider and should not be left out of the business plan.
- It was confirmed that 4,855 responses had been received to three rounds of public consultation. This took place at the tube station, various supermarkets, town and parish meetings and revitalisation group meetings.
- Members identified that construction issues such as contamination risks could expose the Council to further risk. It was explained that the contractor would be required to undertake as much survey work as possible so that by the time a final cost was reached this would be more or less fixed.

RESOLVED

That the report be noted.

Note: Councillor M Harker entered the meeting at 6.51pm

12 REFURBISHMENT OPTIONS FOR THE CHILTERN POOLS

The Committee was presented with a report which detailed the refurbishment options for the Chiltern Pools and comments were invited to assist in making recommended future actions for Cabinet consideration.

The following issues were discussed:

- As noted above, extending the life of the existing centre had estimated costs of £600k annual management and a £200k annual fee. Urgent works had been identified as being required to curtain walling, defects to the pool tank and surrounds, replacement heating system, replacement of the domestic hot and water system, new ventilation system, replacement moveable floor to the diving/teaching pool, and new roof coverings and insulation which would result in a significant loss of income to the operator for the time closed.
- A specialist leisure consultant had identified a range of refurbishment options and these were detailed in the confidential report provided to Members. All options involved the creation of a single new entrance to

the centre to improve user flow and maximise entry control and differed in scale, price and viability.

- The most financially viable option would cost in the region of £14.5m to deliver. However the access arrangements would cause a complex customer journey and would present a challenge for wheelchair users and adults accompanying small children. There would also be an estimated project shortfall of approximately £3.93 million.
- Any refurbishment would not be eligible for Sport England funding nor redevelopment of the site for residential purposes.
- It was questioned whether all activities needed to be included in the offer and a Member queried whether the climbing wall provided economic value. The climbing wall was said to be a key attraction in bringing people to the centre and other members identified that with proper marketing, and the introduction of climbing as an Olympic sport take up would increase.
- With aging equipment and facilities, unexpected costs could also arise. An example of a crack in the pool tank which resulted in it being closed pending investigation at the time of this meeting.
- It was recognised that were the unitary authority faced with annual £800k costs to keep the centre in operation there was a realistic risk that Amersham would lose its leisure facilities.
- Members accepted that should the business model for a new centre be viable and cover costs, as well as provide an income this would be supported over refurbishing the existing centre. Members further praised the current operator for keeping the centre in operation for as long as it had.

RESOLVED

That the report be noted.

13 CHALFONT AND CHESHAM LEISURE CENTRE REVIEW

A report was considered which detailed the refurbishment options available to the Council with regards to the Chesham and Chalfont leisure facilities to mitigate the potential loss of customer base to the Chiltern Lifestyle Centre. A specialist leisure consultant had undertaken a review of existing centres and the procurement of the Chiltern leisure operator contract required bidders to provide detailed plans as to how they will invest in the two centres to mitigate the impact of the proposed new Chiltern Lifestyle Centre.

Members discussed the contents of the leisure consultant's detailed report and noted that any cost of remodelling the centres would be included in the loan requested from the Public Works Loan Board.

Following a query from a Member, it was confirmed that each centre does have dual use arrangements with its local school although this was not presently taken up at the Chalfont centre. Further conversations would be held to encourage this.

Members further recognised that there were a range of marketing opportunities in the local areas and marketed correctly this could prevent a significant loss of user numbers to the new centre.

RESOLVED

That the report be noted

14 KING GEORGE V PLAYING FIELDS

A report was considered which sought Cabinet permission to undertake a public consultation to appropriate the marked site at King George V Playing Fields and the site to the rear of the electricity substation on Chiltern Avenue from open space to a planning purpose, subject to the grant of planning permission by the Planning Committee and consideration by Cabinet of any representations made during the public consultation. The land was in the ownership of the Council, designated as Public Open Space and would require appropriation as set out in section 122 of the Local Government Act 1972 to change the purpose of land to enable the development to proceed. Appropriation would override any third party rights and easements over the land.

Members noted that the Council would advertise its intention to appropriate for two consecutive weeks by placing a notice in the local press and placing a notice on the adjacent land. The public consultation period required was at least 21 days. Cabinet would then consider any objections following the consultation.

RESOLVED to recommend to Cabinet

That public consultation be undertaken to appropriate the land marked on the plan appended to the report forming part of King George V Playing Fields and to the rear of the electricity substation on Chiltern Avenue from open space to a planning purpose, subject to the grant of planning permission and consideration by Cabinet of any representations made during the public consultation.

The meeting ended at 8.27 pm