

CABINET

18th March 2014

OAKHAM ENTERPRISE PARK SPORT CENTRE

Report of the Director for Places (Development & Economy)

STRATEGIC AIM:	Creating an active & enriched community. Meeting the health & wellbeing needs of the community.		
KEY DECISION	YES	DATE ITEM FIRST APPEARED ON FORWARD PLAN	February 2014

1. PURPOSE OF THE REPORT

- 1.1 One of the objectives of Oakham Enterprise Park is to bring the former sports hall, now branded the **Active Rutland Centre (ARC)** back into use for the benefit of the local community. Acquisition of the former HMP Ashwell for regeneration to support economic growth has provided additional opportunities beyond those initially anticipated. This was outlined in the previous reports (2nd July 2013 Cabinet report 152/2013, 25th September 2012 Cabinet report no. 182/2012 and 8th October 2012 Council report no. 202/2012). This report now seeks Members' approval to proceed with the proposed project and for support of the draft business plan in order to achieve this.
- 1.2 The approval of the Council's funding bid to Sport England has resulted in a Lottery Funding Agreement with a set of conditions which require acceptance. This is in addition to the requirement for partnership funding (approved as part of Key Decision 157 in consideration of Report 152/2013 in July 2013).

2. RECOMMENDATIONS

- 2.1 **That Cabinet approve the take up of the £0.5m lottery funding grant from Sport England and that review and agreement of the detailed matters of the Lottery Funding Agreement be delegated to the Director for Places (Development and Economy) in consultation with the Portfolio Holder for Places (Development) and Finance.**
- 2.2 **That Cabinet approve the business plan for the Active Rutland Centre as outlined in Exempt Appendix 1.**

3. REASONS FOR THE RECOMMENDATIONS

- 3.1 Acceptance of the £500,000 Sport England funding requires formal approval of the grant conditions and Lottery Funding Agreement to be evidenced to them, as well as the provision of partnership funding previously approved. Taking up the grant allows the facilities offered at the Active Rutland Centre

to be more in line with sports standards and more fit for purpose to meet the aspirations of clubs.

- 3.2 To enable the proposed business plan to be adopted and presented for agreement with Sport England to form the basis of the service offer going forward.

4. PROVISION OF INDOOR SPORTS FACILITIES AT OAKHAM ENTERPRISE PARK

- 4.1 The sports centre at Oakham Enterprise Park (OEP) is proposed to be branded as the Active Rutland Centre (ARC) to be more in line with the Active Rutland team. The building is split into 4 main areas:
 - 4.1.1 Small hall – 4,100 sqft (including mezzanine) currently occupied by Vale Judo
 - 4.1.2 Large hall – 6,000 sqft sports hall and ancillary fitness studio
 - 4.1.3 Ancillary studio – total 900 sqft – suitable for dance/fitness classes
 - 4.1.4 Small astro-turf pitch (37m x 32m) located behind the building
- 4.2 As part of the ongoing compliance works at OEP, the sports centre has undergone basic compliance works to make it safe to use, (e.g. recommissioning the fire alarm, fixing fire escapes, electrical and water testing etc.)
- 4.3 Technical issues with the draft lease have led the Council to allow Vale Judo to take-up use of the small hall on a monthly hire basis under a form of Hiring Agreement. The club is currently in the process of converting to a Charitable Incorporated Organisation (CIO) following which they will complete a formal 5 year Lease Agreement.
- 4.4 It is proposed that the main hall will only be available for hire by local sports clubs and organisations on an annual, block booking or short term hire basis. This is designed to plug gaps in the availability of other venues which are oversubscribed or otherwise unsuitable. It is not proposed to be bookable by private individuals looking to use the facilities on an ad-hoc basis.
- 4.5 Accordingly, ARC will be complementing rather than competing with these other venues. The Council's Active Recreation team will discuss prospective users with current facility providers, including Catmose Sports managing contractor Stevenage Leisure Ltd (SLL), prior to their booking being accepted at ARC. This is in order to ensure that facilities providers have the opportunity to consider any issues clubs are having with their facility (fitness for purpose or timetabling etc) which they may be able to remedy at that point or in the future to improve their offer. This may allow clubs to reconsider which facility best meets their needs before bookings are confirmed.
- 4.6 The facilities at ARC are proposed to encourage and accommodate community participation, gymnastics and further education requirements. Booking applications for performance or elite level training and competition in sports such as basketball, volleyball, indoor cricket and netball would be referred to SLL in the first instance.

- 4.7 These operating principles have been shared and agreed with SLL and arrangements will be closely monitored as part of the contract and performance management activities carried out by the Active Recreation team.
- 4.8 Although it is now technically compliant, the ARC requires refurbishment to bring it up to an acceptable standard for public club use including providing male and female changing and showering facilities. It is understood to have originally been constructed in the 1970s although a front and side extension (forming what is now the small hall) was added in the 1990s. It was well used by the prison service and the main hall incorporates only a single male changing room which offers no privacy as would be expected for an all-male prison. It also includes an adjacent small astro-turf pitch which is well worn and in need of resurfacing. Its size makes it only suitable for training as it is too small for competitive use.
- 4.9 A draft project plan has been drawn up which optimises available funding to achieve a practical, modern refurbishment which will transform the ARC into a high quality base for sports clubs in the area.
- 4.10 Extensive consultation with many local clubs and a facilities review has evidenced a strong need for this existing facility to be refurbished and brought into community use (see Cabinet report 266/2013 dated 3rd December 2013, Places Scrutiny reports 153/2013 dated 20th June 2013 and 266/2013 dated 28th November 2013). Firm interest has been received from a wide cross-section of clubs including archery, football, table tennis, martial arts, dance, athletics, gymnastics, hockey, and fitness including Pilates and yoga.
- 4.11 The Council has previously approved a budget (see Cabinet reports 182/2012 dated 25th September 2012 and 152/2013 dated 2nd July 2013) within the capital programme for the establishment of OEP which includes an allowance for refurbishment works to various buildings. The approved budget has a number of funding sources including developer contributions that have been agreed for investment in sports, leisure & recreation facilities in accordance with the adopted Supplementary Planning Document.
- 4.12 Whilst a small element of this capital budget was for compliance works on the sports hall, additional funding to contribute towards bringing the facility back up to a community use standard and operate effectively will become available from a developer contribution agreed with Sainsbury's for community sports provision (£369k). This was sought and agreed due to the loss of the existing sports hall at the former college which will be demolished to make way for a proposed new retail development.
- 4.13 Additionally, in 2013, the Council submitted a funding bid to Sport England for the maximum £0.5 million from the Improvement Fund. This will significantly supplement the OEP capital (£22k) and the developers contribution enabling refurbishment of more areas to an appropriate sporting standard as such increasing the scope of the project and suitability of the resulting facilities available to the community. It has now been confirmed that the bid has been successful making a total of £891k project funding available.

4.14 Project highlights are as follows:

- Small ground floor extension to enlarge the entrance lobby area and facilitate separation of the two sections so that tenants of the small hall have their own secure entrance (a planning application for this has already been submitted)
- creation of an ancillary 900 sqft mirrored studio ideal for fitness/dance classes
- provision of male and female changing/shower facilities to service the main hall and ancillary studio
- Resurfacing of the external astro-turf pitch which has been in place beyond its useful and safe life
- Formation of a new direct pedestrian access from main car park
- Resurfacing of the main hall with a standard sports hall floor marked out for use for multiple sports (the present floor does not meet current design guidance)

4.15 Key project phases are provisionally scheduled as:

- Feasibility – currently underway
- Design phase – 11/3/14 to 30/5/14
- Construction phase – 05/06/14 to 21/10/14
- Project sign-off - 27/10/14 to 10/11/14

5. SPORT ENGLAND FUNDING CONDITIONS

5.1 The Sport England Improvement Fund requires a minimum of 25% partnership funding. The bid was submitted and awarded on the basis of partnership funding of £391k being made available. Sport England has made their funding offer conditional to the Council entering into a legal agreement which includes a series of conditions, the most notable of which are summarised below:-

5.2 The Council must agree to add a restriction to the title deed for Oakham Enterprise Park so that the areas of the business park to which the funding bid applies (i.e. the sports centre building and adjacent artificial grass pitch) cannot be disposed of or leased within the grant term of 21 years without agreement from the English Sports Council. Should the Council wish to dispose of any part of the sports centre building and/or adjacent artificial pitch, all or part of the grant amount may need to be repaid. This restriction must be registered with HM Land Registry. This is standard practice for buildings receiving grants.

5.3 It is further conditioned that the sports centre must be open for business by 30th November 2014, having completed the regeneration works on site which is currently viable in line with the ARC project plan.

5.4 Any future operation of the facility by a third party during the 21 year term of the grant agreement must be agreed with Sport England. It is planned that the Councils Active Recreation team will initially operate the facility although operational management might be transferred to an external provider at some stage in the future.

- 5.5 Sport England requires confirmation that formal procurement procedures are being followed in order to avoid infringement of EU rules relating to state aid.
- 5.6 An operational business plan is to be submitted for Sport England's approval prior to completion of the facility. Approval is also required for a set of KPIs to be reported upon within the first 9 months of operation.
- 5.7 The Council will not be able to grant any lease on the sports centre which exceeds a term of 7 years without the approval of Sport England. Any lease must be linked to providing sporting facilities. The majority of leases at Oakham Enterprise Park would not normally exceed this duration.
- 5.8 These conditions are all deemed reasonable and acceptable to move to formalise detailed wording with Sport England.

6. FINANCIAL IMPLICATIONS

- 6.1 A 10 year business plan has been prepared to assess and profile the anticipated income and expenditure. For commercial confidentiality reasons this is exempt information and is attached as Appendix 1. The Plan provides that a break-even point at year 5 (2018/19) will be achieved. A provisional business plan was included in the bid so an initial assessment and support from Sport England has been given.
- 6.2 Project costs will be met from the £500,000 Sport England funding bid in addition to £369,000 from developer contributions and the OEP capital approved match funding. Current indications are that Sainsbury's will be commencing their redevelopment in earnest in the Spring and the payment of the developer contribution is expected in May 2014. As indicated above in paragraph 4.15 activity and expenditure will only be on design up to end May and as such costs incurred will be minimal (and are at no cost under the framework if the project is aborted). As such costs are expected to be contained with the available resources prior to the receipt of the developer contribution. Should the contribution not have been received prior to commencement on site in June a further report will be presented seeking support to underwrite this element from borrowing in advance of the payment.
- 6.3 Recent activities on the retail redevelopment site in pre-construction enabling works (trial holes, tree felling etc.) and by the applications for discharge of conditions demonstrate a level of commitment to the scheme. As such the risk of not receiving the developer contribution is envisaged to be low.
- 6.4 The site is subject to a deed with the Ministry of Justice which provides for potential additional payments to be made to the Ministry of Justice upon implementation of a planning permission. It is not anticipated that they will seek to impose any additional payment due to the nature of the development and any payment if imposed is unlikely to be significant.

7. RISK MANAGEMENT

RISK	IMPACT	COMMENTS
Time	H	Sport England has set an availability date of 30 th November by which the facility must be open for business. To achieve this, construction works must commence in June 2014.
Viability	M	Funding and project management resources are in place to proceed but careful consideration needs to be given to the conditions imposed by Sport England. The project is only viable if the additional capital provision is approved.
Finance	M	The developer contribution element of the budget will be outstanding at the start of the design and specification work but a further report on underwriting from borrowing will be presented if not received before the start of works on site.
Profile	M	Public and commercial interest is likely to be significant
Equality and Diversity	L	Equality Impact Assessment completed – only positive impacts identified so full EIA not required.

8. REASONS WHY APPENDIX a IS MARKED NOT FOR PUBLICATION

8.1 This Appendix A is marked “Not for Publication” because it contains exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Background Papers

Background File Ref:
Report nos. 152/2013, 182/2012, 202/2012, 266/2013
153/2013

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