

**Name of meeting:** Cabinet

**Date:** 17<sup>th</sup> October 2017

**Title of report:** Proposals for the partial conversions of Batley Sports & Tennis Centre and Dewsbury Sports Centre

**Purpose of report:** To seek permission for Kirklees Active Leisure (KAL) to convert elements of Batley Sports and Tennis Centre (BSTC) and Dewsbury Sports Centre (DSC) to provide alternative leisure facilities with a view to getting more people active, generating more income and creating employment opportunities.

<b>Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?</b>	<b>Yes</b>  <b>If yes give the reason why:</b> These conversions affect a number of wards across North Kirklees and will require prudential borrowing in the region of £3.1m
<b>Key Decision - Is it in the <a href="#">Council's Forward Plan (key decisions and private reports?)</a></b>	<b>Yes</b>  <b>If yes also give date it was registered:</b> First published on 26 June 2017
<b>The Decision - Is it eligible for call in by Scrutiny?</b>	<b>Yes</b>
<b>Date signed off by Strategic Director &amp; name</b>	<b>Naz Parkar - 5.10.17</b>
<b>Is it also signed off by the Service Director Finance, IT, and Transactional</b>	<b>Debbie Hogg - 5.10.17</b>
<b>Is it also signed off by the Service Director - Legal Governance and Commissioning</b>	<b>Julie Muscroft - 6.10.17</b>
<b>Cabinet member <a href="#">portfolio</a></b>	<b>Cllr Graham Turner and Cllr Musarrat Khan - Corporate</b>

**Electoral wards affected:** Batley East, Batley West, Birstall and Birkenshaw, Dewsbury East, Dewsbury South, Dewsbury West.

**Ward councillors consulted:** Cllrs in Batley West, Birstall and Birkenshaw, Dewsbury East and Dewsbury South

**Public or private:** Public

## 1. Summary

- 1.1 This report seeks permission for Kirklees Active Leisure (KAL) to convert part of the sports hall at Dewsbury Sports Centre (DSC) and part of the indoor tennis facility at Batley Sports and Tennis Centre (BSTC) to accommodate soft play, Clip'n'Climb and associated facilities. As the Council is the landlord for these facilities KAL must first seek the Council's permission in order to be able to make any alterations to the internal arrangements of these buildings. At DSC the Council is also a Tenant and consent of the Head Lessee will also be required.
- 1.2 The existing spaces are underutilised and the development proposals aim to considerably increase usage thus significantly improving financial performance and creating additional employment opportunities within the local area.
- 1.3 The impact on affected existing users can be mitigated with alternative provision being available within a reasonable travel distance.
- 1.4 It is intended that the BSTC site proposals would be prioritised given the scope of the anticipated growth in income and anticipated lower risk, followed by the DSC scheme.
- 1.5 The BSTC proposals have been developed after discussions with the Lawn Tennis Association (LTA) and the Tennis Foundation to maximise the potential of achieving forecast income and utilisation targets and to lead to an improved, more sustainable model for local tennis. The LTA and Tennis Foundation's preferred option is not in line with the officers' recommendation as their aim is to at least preserve the present number of courts and to increase the number of indoor courts in Britain.
- 1.6 These proposals are part of a plan of investment to improve North Kirklees leisure facilities.

## 2 Information required to take a decision

- 2.1 KAL currently manages the Council's stock of leisure facilities under a 20 year funding agreement which began in 2012. The Council is also the landlord for these facilities and KAL have been granted a 20 year term co-terminus with the funding agreement. The terms of the leases dictate that KAL must not make any alterations to the internal arrangements of these buildings without first obtaining the Council's prior written consent.
- 2.2 As the Council is also a Tenant at DSC regard has to be had to the terms of its Lease which provides that the Council will be able to be able to carry out internal non-structural alterations or additions to the property with the Landlord's prior permission which in this instance is to be by way of a formal Licence. Officers have been trying since summer 2013 to obtain the Landlord's retrospective consent to historic works and to enter into a formal Licence but are struggling to get the Landlord to engage, going so far as to threaten them for unreasonably withholding consent. If KAL makes changes to the building and it is not possible to gain the Landlord's permission, there is a risk that the council or KAL will have to pay to rectify the works.
- 2.3 The Council's approved Medium Term Financial Plan requires a reduction of £750K in the funding allocated to KAL in 2017/18
- 2.4 Further reductions in Council funding are planned in 2018/19 and 2019/20. Overall, the level of Council support to KAL will have reduced from £2.5m in 2014/15 to £934K in 2019/20. The Council and KAL are working together to identify opportunities to generate increased income surpluses to mitigate the impact on customers of reduced Council funding.
- 2.5 The spaces at BSTC and DSC which are proposed for conversions are both significant in size. The budgeted surplus for the tennis facility was £43.7k in 2016/17 from income of £76.8k. Guidance from the LTA suggests a facility of this size should yield an income figure of around £180k per annum. According to the Tennis

Foundation, other facilities of a similar size are presently generating an income in excess of £300K.

- 2.6 In respect of the DSC site, there is no separate account for the Sports Hall and costs are spread against the wider operating costs of the site so it is not possible to give a specific surplus figure for this area. However, other KAL usage data indicates that the space is significantly underutilised.
- 2.7 Given the relatively low levels of usage and therefore income from existing activity in these spaces, KAL has identified the potential to diversify the use of these spaces to generate additional income and deliver increased usage at the sites.
- 2.8 KAL has worked with the LTA and Tennis Foundation over a number of years to try to increase usage/income levels but without significant improvement to date. As a result of this dialogue and also feedback from the customer engagement programme that KAL conducted, KAL has developed an alternative proposal for BSTC which now looks to retain some indoor tennis provision, as well as enhancing the outdoor tennis courts whilst also developing facilities for other physical activities.
- 2.9 In summary, 4 options have now been considered in detail for the BSTC site:
- 1) Do nothing – model remains as is
  - 2) Progress KAL's original proposal i.e. 2 indoor courts converted to play activities/2 indoor courts developed as 3G indoor 5-a-side pitches
  - 3) Progress with the LTA's alternative business plan for the full retention of Tennis
  - 4) Progress with an alternative model, as outlined below.

The alternative proposed developments at BSTC include:

- Conversion of 2 tennis courts to soft play/"TAG Active" and associated facilities
  - Retention of and improvements to 2 indoor tennis courts and improvements to the surfaces/fencing of the 4 outdoor tennis courts
  - Development of ancillary areas – entrance and food and beverage area/party rooms
  - Redevelopment of external areas to provide additional car parking and improved access, especially for the disabled.
- 2.10 A summary of the appraisal for the BSTC options is included within this report as appendix 1.
- 2.11 The LTA and Tennis Foundation have also developed a proposal based upon evidence of other facilities achieving similar improvements to those projected. This proposal includes a number of community roadshows and the employment of a Tennis Manager to develop the programme at Batley Tennis Centre. The LTA and TF have stated that they are prepared to fully fund the proposed interventions (£75k to kick start projected growth) for two years.
- 2.12 The LTA/TF business plan is for ten years. The business plan proposes that the funding for the interventions transfers to KAL after the first two years. The LTA and Tennis Foundation concede that if the business plan does not reach targets for the first two years, they would concede that the tennis centre was no longer viable and would withdraw from the centre enabling it to be developed for other uses. They have not agreed to underwrite any income below target and so the financial risk would lie with KAL. Officers are concerned that the LTA/TF business plan carries a high level of risk as it is predicated on achieving above a 90% occupancy rate at peak times (evenings/ weekends).
- 2.13 In 2016, the LTA/TF were given 12 months to work with KAL to try to increase tennis usage at BSTC. KAL and the LTA were unable to appoint a suitable development officer and so targets have not been met. Officers therefore do not have confidence that the LTA/TF business plan will achieve the targets included within it.
- 2.14 The proposed developments at DSC include:
- Conversion of 4 courts to soft play/Clip'n'Climb and associated facilities
  - Retention of a 4 court sports hall but with improved flooring

- Utilisation of current storage and associated rooms for food and beverage provision, access, party rooms, etc. (n.b. not all space identified is necessarily required)
  - Development of a lift to the 1<sup>st</sup> floor link-bridge to facilitate access.
- 2.15 KAL has engaged external consultants to provide a feasibility analysis for the proposed developments which shows clear market demand exists and, furthermore, that both developments can be viable within the same market, as KAL consider it essential that the facilities provided are complementary, offering different customer experiences at each site developed.
- 2.16 Initial financial modelling suggests that these projects will deliver the following projected net surplus to KAL, after all costs, including the costs of financing the capital expenditure incurred and the loss of existing income is taken into account;

	10 year net surplus to KAL's MTFP
Batley Sports and Tennis Centre	£645,327
Dewsbury Sports Centre	£507,978

- 2.17 The remaining 4 court sports hall at DSC will be able to cater for the majority of existing activities. However, there will be some impact on football coaching and badminton and, to a lesser degree, table tennis and the Access Project activity session. There may need to be some retiming of current slots to accommodate the new activities.
- 2.18 Where current users of DSC cannot be accommodated in the reduced space, KAL will actively engage with them to identify suitable alternative facilities.
- 2.19 At BSTC, the proposals may result in the displacement of a small number of the current tennis users, with activity concentrated onto the remaining courts. Catchment analysis shows the users of the tennis centre are travelling from quite a wide geographic area at present (only 22% of tennis users live in the 3 local wards compared to 45% of whole centre users), suggesting there is a willingness to travel further to play indoor tennis where necessary.
- 2.20 Preliminary discussions have taken place between KAL and Leeds City Council who operate the John Charles Centre for Sport. This is 6 miles away from the BSTC site and offers indoor tennis facilities (6 courts), as well as a further 6, all weather, outdoor tennis courts, and, as with BSTC, has significant spare capacity. This provides the opportunity to develop a strategic approach between the two sites.
- 2.21 To offset this risk, KAL is being conservative with projections for usage and income of the soft play, etc. aspects of the development, allowing the potential for over achievement against targets to add a degree of sensitivity to any shortfalls on the tennis side of the operation.
- 2.22 These proposals are part of a plan to improve leisure facilities in North Kirklees over the next five years.

### 3 Implications for the Council

#### 3.1 Early Intervention and Prevention (EIP)

- 3.1.1 It is projected that these conversions will lead to significantly more visits to the two sports centres.

	Existing usage of proposed areas (Visits per year)	Business plan usage projections - including projected retained usage. (Visits per year)
BSTC	16,153	80,708
DSC	34,324	98,019

- 3.1.2 The Kirklees Joint Strategic Assessment shows that in both Batley and Spennings Dale and in Dewsbury and Mirfield only one in six 14 year olds achieves the recommended levels of 60 minutes of physical activity a day and almost one in five do not take part in any regular exercise.
- 3.1.3 Much of this new usage will be from children and young people, helping to contribute to a healthy lifestyle at an early age and embedding behaviours to support that activity in to adulthood.
- 3.1.4 This is also consistent with the Government's Childhood Obesity Plan which recommends 30 minutes of daily activity, supported by family and carers, take place outside of the school setting. Activities such as the proposed TAG Active and Clip'n'Climb elements in particular lend themselves to intergenerational use.

## **3.2 Economic Resilience (ER)**

- 3.2.1 These developments will allow KAL to achieve greater income surpluses helping to offset the impact of reductions in Council funding.
- 3.2.2 The expectation is that these developments will provide additional employment opportunities of approximately 15 full time equivalent posts per site.
- 3.2.3 It is important to note that a significant proportion of KAL's employees are young people and there is no reason to suppose that a similar proportion of young people may not be employed in these new positions.

## **3.3 Improving Outcomes for Children**

- 3.3.1 It is believed that the proposals will lead to significantly improved outcomes for children with regards to leading healthy and active lives.
- 3.3.2 The proposed soft play, TAG Active and Clip'n'Climb products are primarily targeted at children and young people with soft play aimed at children under the age of 12 and TAG Active/Clip'n'Climb for children and young people aged 5 to 18, although there is expected to be an element of accompanying adult participation as well.
- 3.3.3 There is also strong evidence to support the link between physical activity and educational attainment, which in turn enhances the prospect of children as they develop.

## **3.4 Reducing demand of services**

- 3.4.1 As outlined previously, the ability of KAL to generate greater levels of income surplus helps to mitigate reductions in Council funding.
- 3.4.2 There is compelling evidence linking physical activity levels to improved mental and physical health and wellbeing. These developments are expected to result in significant increases in participation, in particular among children and young people, and help to contribute to them leading more active lifestyles which in turn should reduce their demand for services for health and care related issues.

## **3.5 Legal/Financial or Human Resources**

- 3.5.1 Finance Officers will need to work with KAL, who will seek to prudentially borrow the funds required to pay for this scheme. The total amount required as capital will be in the region of £3.1m. This amount is covered by KAL's self-funding capital allocation. KAL is asking for a re-phasing of the capital allocation between financial years to match the proposed project phasing.
- 3.5.2 The intention is to carry out the BSTC conversion at a cost of £1.6m in the 2017/18 financial year and the DSC conversion, at a cost of £1.5m, in 2018/19.

3.5.3 This re-phasing of the capital allocation will see £441K held over to the 2018/19 financial year and is illustrated below in a table outlining KAL's self-financed 5 year capital plan.

	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Current capital plan	2,266	1,059	617	617	617	5,176
Amended capital plan	1,825	1,500	617	617	617	5,176
Re-phasing	-441	441	0	0	0	0

3.5.4 The Council will incur the capital expenses through prudential borrowing and procure, manage and pay for the work directly, recovering the financing costs from KAL through a further reduction in the Council support to KAL over and above that detailed in point 2.3 above. The repayment terms for KAL would be over a 20 year period and based on the current borrowing rate of 3.25%, the repayments will be £213,900 per annum.

3.5.5 The Council will need to procure specialist contractors to carry out the proposed work. Officers from the Council's Risk, Legal and Procurement teams have held positive discussions with KAL regarding the options for engaging the most suitable contractors.

#### 4. **Consultees and their opinions**

4.1 KAL has been in consultation with the LTA and Tennis Foundation for a number of years to improve the performance of the indoor tennis centre.

4.2 The Tennis Foundation and LTA would prefer the retention of the whole site for tennis.

4.3 Separate briefings have been held for Members from the Batley East, Batley West and Birstall and Birkenshaw wards and the Dewsbury East, Dewsbury South and Dewsbury West wards. Feedback has largely been positive from those Members who attended.

4.4 A briefing note has been provided to Tracy Brabin MP, who is keen to retain tennis on the site as a sport, but also supportive of the suggested new activity products.

4.5 Meetings have also been held with Cllr Liz Smaje, who was especially concerned about increased vehicle traffic and the impact on local residents/an adjacent play park at Millers Croft, which will be addressed as part of the planning process.

4.6 KAL has also carried out a customer engagement programme over two sets of feedback sessions to which all tennis users from the previous 12 months were invited. Users were, understandably, more favourable towards option 4 rather than option 2 as it retains and improves some indoor tennis provision and upgrades the outdoor court, rather than the complete loss of indoor tennis provision and no improvement to the outdoor courts. As many of those who attended these sessions were tennis users, their preferred option was option 3 i.e. the LTA's proposed tennis only development.

4.7 As the Dewsbury Sports Centre conversion will not take place until late 2018, KAL has presently not undertaken any engagement with the centre's users but will involve them in the development of the proposals there at the appropriate time. Given the development proposed at Dewsbury, it is likely that there will only be limited displacement of current customers to alternative times/days/ venues.

## 5. Next steps

### **If the proposals in this report are agreed by Cabinet the next steps would be:**

- 5.1 The Council and KAL would seek to appoint specialist contractors for the works.
- 5.2 The appointed contractors will help to finalise the specific detail of the facility mix and layout of the developments.
- 5.3 The Council and KAL will continue to engage with current users of the facilities regarding the timetable for the redevelopment, accommodating existing users as far as is possible and seeking to negotiate relocation to suitable alternative locations to minimise any disruption for the small number of users who cannot be accommodated
- 5.4 Equality Impact Assessments (<http://www.kirklees.gov.uk/you/kmc/deliveringServices/impactAssessments/impactassessments.asp> - see conversion of sports centres section) have been undertaken for both proposed developments and officers are satisfied that the Council has properly carried out its Public Sector Equality Duty. This will continue to be kept under review. Members are advised to review them carefully and have them in mind when making a decision in this matter

## 6. Officer recommendations and reasons

- 6.1 That approval be given to redevelop the existing indoor and outdoor tennis space at Batley Sports & Tennis Centre (option 4) and the sports hall at Dewsbury Sports Centre into soft play, Clip'n'Climb and associated facilities, notwithstanding that officers have, currently, been unable to secure Head Landlord's consent to the alterations.
- 6.2 That the required capital expenditure and method of funding the financing costs as set out in Section 3.5 of this report be approved.
- 6.3 The reason for these recommendations is to enable KAL to increase its surpluses as a way to offset the reductions in Council funding over the next three years and to attract more children, young people and adults to be physically active which is a proven way to reduce long term, dependency on health and social care services. Officers do not believe that options 1 and 3 produced by the LTA and Tennis Foundation for Batley Sports and Tennis Centre will achieve these outcomes.
- 6.4 Option 4 is recommended over option 2 as it will ensure that there is still provision for tennis at Batley Sports and Tennis Centre.

## 7. Cabinet portfolio holder's recommendations

- 7.1 The Cabinet Portfolio Holders recommend that Cabinet:
  - approve the redevelopment of the existing indoor and outdoor tennis space at Batley Sports & Tennis Centre and the sports hall at Dewsbury Sports Centre into soft play, Clip'n'Climb and associated facilities, notwithstanding that officers have, currently, been unable to secure Head Landlord's consent to the alterations.
  - approve the required capital expenditure and method of funding the financing costs as set out in Section 3.5 of this report.
- 7.2 The Cabinet Portfolio Holders note that the proposed conversions have been developed following KAL engagement with customers and the LTA and Tennis Foundation, listening to their feedback and reflecting on options which accommodate both existing users and provides opportunities for increased participation for children and young people more generally.

8. **Contact officer**

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9. **Background Papers and History of Decisions**

- 9.1 Informal discussion with joint portfolio holders Cllr Viv Kendrick and Cllr Graham Turner on 14 March 2017. Approval was given to continue to work up plans.
- 9.2 Outline presentation to Economy and Infrastructure SLT on 16 May 2017. Approval was given to continue to work up plans.
- 9.3 Initial proposals were considered by LMT on 10 July 2017. KAL was asked to carry out an initial public engagement exercise and also to reconsider the tennis options following further conversations with the LTA.
- 9.4 Appendix 1: Options appraisal for the Batley Tennis Centre proposals  
<http://www.kirklees.gov.uk/you-kmc/deliveringServices/impactAssessments/impactassessments.asp>

10. **Service Director responsible**

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