

Future Options for Maidstone Leisure Centre

Timetable	
Meeting	Date
Economic Regeneration and Leisure PAC	6 December 2022
Executive	21 December 2022
Economic Regeneration and Leisure PAC	7 February 2023
Executive	22 March 2023

Will this be a Key Decision?	No
Urgency	Not Applicable
Final Decision-Maker	Executive
Lead Head of Service	Mark Green, Director of Finance, Resources and Business Improvement
Lead Officer and Report Author	Mark Green, Director of Finance and Business Improvement Katie Exon, Head of Property and Leisure Mike Evans, Leisure Manager
Classification	Public
Wards affected	All

Executive summary

Decisions are required about the future of Maidstone Leisure Centre, given the impending expiry of the current operator's contract, the condition of the building and the Council's commitment to promoting health and wellbeing. This report sets out the decisions to be addressed and provides an update. Further work is being carried out on developing proposals for minor practical improvements to the Leisure Centre (Option 3D in the officer report).

Purpose of Report

For noting

This report asks the Committee to consider the following recommendation to the Executive:

1. That the report is noted.

Future Options for Maidstone Leisure Centre

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	<p>The four Strategic Plan objectives are:</p> <ul style="list-style-type: none"> • Embracing Growth and Enabling Infrastructure • Safe, Clean and Green • Homes and Communities • A Thriving Place <p>Accepting the recommendations will materially improve the Council's ability to achieve A Thriving Place and Homes and Communities. We set out the reasons other choices will be less effective in sections 2 and 4.</p>	Leisure Manager
Cross Cutting Objectives	<p>The four cross-cutting objectives are:</p> <ul style="list-style-type: none"> • Heritage is Respected • Health Inequalities are Addressed and Reduced • Deprivation and Social Mobility is Improved • Biodiversity and Environmental Sustainability is respected <p>The report recommendations support the achievement of the health inequalities and environmental sustainability cross cutting objectives.</p>	Leisure Manager
Risk Management	Refer to section 5 of the report.	Leisure Manager
Financial	As this report is for noting there are no financial implications at this stage.	Director of Finance, Resources and Business Improvement.
Staffing	We will continue to develop the options with our current staffing.	Head of Property & Leisure

Legal	Acting on the recommendations is within the Council's powers as set out in various pieces of legislation including the Local Government (Miscellaneous Provisions) Act 1976.	Team Leader, Contracts and Commissioning MKLS
Privacy and Data Protection	Accepting the recommendations will increase the volume of data held by the Council. We will hold that data in line with our retention schedules.	Insight, Communities and Governance Manager
Equalities	The recommendations could lead to changes in service, therefore equalities impact assessments will be completed alongside the plans as they are developed.	Policy & Information Manager
Public Health	Ensuring leisure services continue to be available in the borough will have a positive impact on population health and that of individuals.	Housing and Inclusion Team Leader
Crime and Disorder	The recommendations will have no negative impact on Crime and Disorder.	Leisure Manager
Procurement	We will complete any procurement exercises in line with financial procedure rules.	Director of Finance, Resources and Business Improvement
Biodiversity and Climate Change	The implications of this report on biodiversity and climate change have been considered and there are opportunities, through the options, to make positive impacts on biodiversity and climate change in the borough.	Biodiversity and Climate Change Manager

2. INTRODUCTION AND BACKGROUND

2.1 It is timely to consider future options for the Leisure Centre for the following reasons.

- The current contract for operation of the Leisure Centre with Maidstone Leisure Trust and Serco Leisure Limited expires in 2024.
- The Leisure Centre building is over 50 years old and is becoming increasingly more expensive to maintain and is a negative contributor to the council achieving its net zero carbon ambitions.
- It is appropriate to consider whether the Council's service offer meets its overriding strategic priority of promoting health and wellbeing, within

the context of the wider leisure market and the financial pressures faced by the Council.

2.2 A sizable body of research and evidence has been accumulated by the Council over the last few years which can help inform this consideration. The imperatives described above mean that this information should now be evaluated and appropriate decisions made.

2.3 Depending on the direction the council chooses to go in, the decision-making process has a number of stages. These can be set out in the form of a decision tree, as follows.

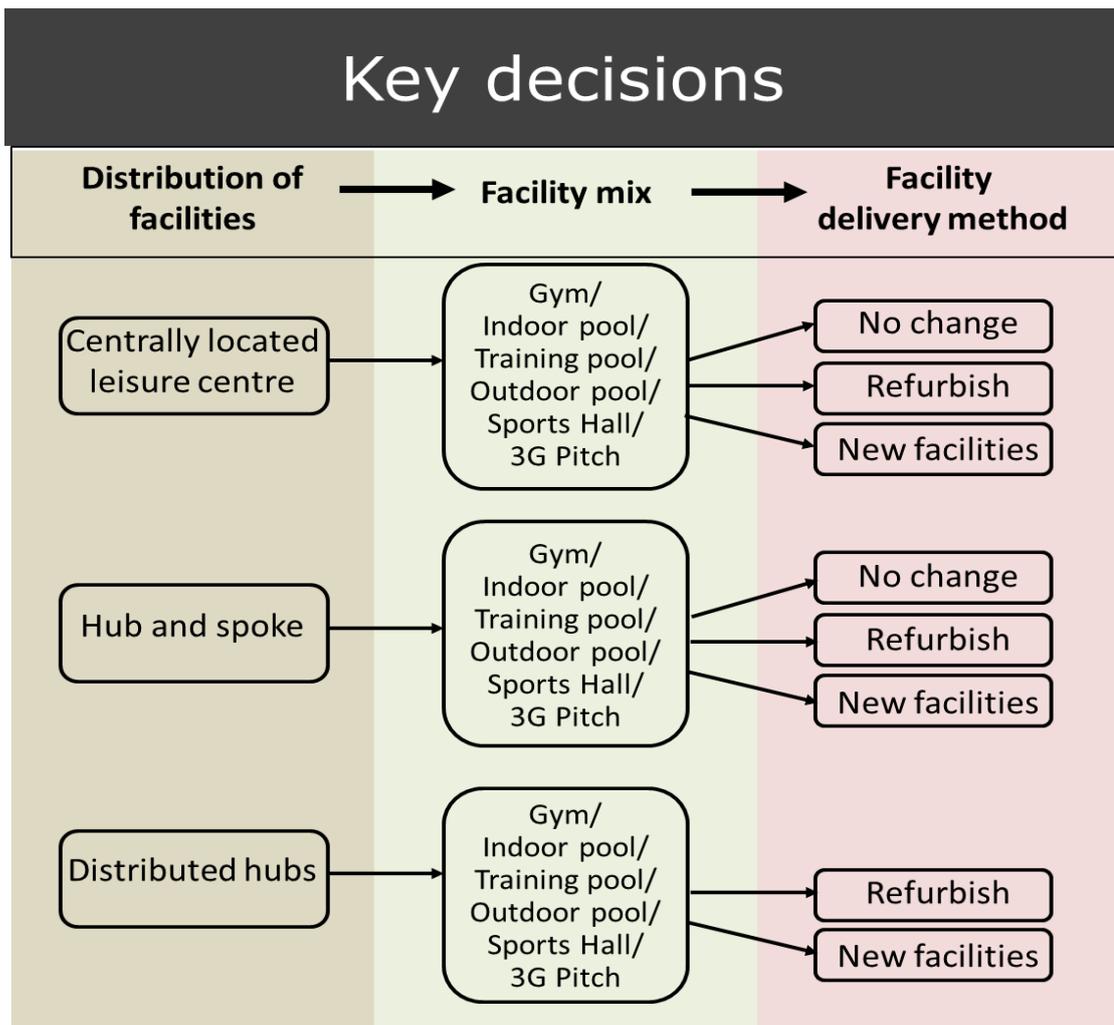


Figure 1: Key Decisions

2.4 A further set of decisions will be required subsequently, namely:

- Whether to extend the existing Serco contract to accommodate the decisions made, and if so, for how long
- What type of service delivery model is appropriate (in-house / contracted out / leisure trust)
- Commissioning decisions (eg service provider, leisure centre architects / designers, contractors)

The focus of this report is on the decisions set out in table 1, as these need to be resolved as a first step.

2.5 **DECISION 1: DISTRIBUTION OF FACILITIES**

There are three principal options, as follows.

2.6 **Option 1A: Centrally located leisure centre**

Maidstone Leisure Centre is currently the main leisure centre for the borough. It is located close to the centre of the borough's main urban area. It is also located within close proximity to areas of high deprivation, namely the neighbourhoods of Park Wood, High Street, Shepway North and Shepway South, which means that it is well-placed to serve areas that experience poor health outcomes. According to the Government's 2019 Indices of Multiple Deprivation, all these wards fall within the 20% most deprived in the country and will have been impacted disproportionately by the Covid-19 pandemic and now by the cost of living crisis. Maidstone Leisure Centre is adjacent to Mote Park, 'the jewel in Maidstone's Crown', which receives more than a million visits per year and offers a wide range of outdoor leisure activities and facilities. The advantages and disadvantages of such a central location are summarised below.

Option 1A: Centrally located leisure centre	
For	Against
Convenient location for a high proportion of borough residents	Travel times for those not living nearby.
Good parking facilities at current site	Large land area currently occupied could arguably be better utilised in other ways, eg for housing .
More attractive to private sector operators	
Economies of scale across the facility mix	
Economies of scale with Mote Park Outdoor Adventure	

2.7 **Option 1B: Hub and spoke**

In this model, a central leisure and physical activity hub would be accompanied by an outreach service and/or separate provision in a number of rural communities covering a wide geographical distribution.

The advantages and disadvantages are summarised below.

Option 1B: Hub and spoke	
For	Against
Advantages of a central hub remain as set out in Option 1A above	Spokes likely to imply incremental increase in budgets
'Spokes' can be in many forms and can be flexible	Operations may be complicated, depending on level of flexibility

	given
Ensures leisure provision reaches all corners of the borough	

Focus groups were held recently in the south of the borough, which sought to establish the needs of local communities and hence the nature of the 'spokes'. A report of the results is included in Appendix 1.

2.8 Option 1C: Distributed Hubs

Leisure centre provision could reflect the population distribution within the borough. The advantages and disadvantages are summarised below.

Option 1C: Distributed Hubs	
For	Against
Ensures facilities and provision are closer to more people	Benefits of central location (above) are all inverted – no economies of scale, impractical for families, parking would be difficult
Achievable in smaller buildings	

2.9 DECISION 2: FACILITY MIX

Consideration needs to be given to the nature and standard of facilities required to meet the Council's strategic objectives. MBC's policies and strategies clearly demonstrate a commitment to improving the physical health and wellbeing of its residents, including Active Travel and the Active Environment. As a minimum, it must be assumed that the Council wishes to provide facilities open to all residents which offer swimming, fitness, a sports hall and space for community sport and leisure.

- 2.10 This is justified by the overall benefits to the community of a healthier population. Nationally, a more active population is not only healthier, but impacts positively on the current costs of social care, mental health, dementia and it is estimated to reduce GP visits nationally by 30 million a year. A healthier population will also support the local economy and labour market more adeptly. The 2019 study by Sheffield Hallam University for Sport England showed that for every £1 invested in sport, £3.91 of economic and social value is returned.
- 2.11 A more aspirational approach, based on Sport England's assessment of the borough's needs, is set out in the Maidstone Sports Facility Strategy update (2020), which identifies a future requirement in the borough for the equivalent of an additional two 4-court sports halls with full community access, one 25m x 6 lane pool and 230 health and fitness stations. Additionally, the Football Foundation's Maidstone Local Football Facility Plan for Maidstone (LFFP)2020 identifies a shortfall of two 3G pitches in the borough.
- 2.12 The table below sets out a split between what might be considered essential and what would be desirable. It is suggested that the final decision as to what is included will depend on the financial business case,

which as will be seen below, shows a net incremental cost versus current costs under all scenarios.

Option 2A: Essential	Option 2B: Desirable
100 station gym	All essential facilities
8-lane x 25m competition level pool	3G pitches
Spectator seating	Tag active space
4-lane x 25m training pool	Outdoor Splash Pad
Indoor splash pad	Outdoor pool
100 Station fitness suite	Community space
3 x studio spaces – one for spinning	
6-court sports Hall	
Soft play	
Café	
Associated admin, kitchen, change & storage	

2.13 Making improvements to the energy and carbon performance of the building and improving the customer experience of the building is also an essential deliverable of any project.

2.14 **DECISION 3: FACILITY DELIVERY METHOD**

Maidstone Leisure Centre’s original pool was built in the 1970’s and has been refurbished and extended over the years with the sports hall, gym and leisure water incorporated during the 1990’s. The leisure facility is inefficiently designed, having been added to on a piecemeal basis over the years and offers poor accessibility.

2.15 The excessive corridors mean wasted space and poor accessibility for less-mobile visitors. The percentage of area devoted to different activities is not balanced with modern needs and this cannot be countered without large-scale remodelling of the building. The age of the pools means they do not include accessible access and they are also too dated to be suitable for retrofitting modern access platforms.

2.16 The orientation of the building is such that it does not take advantage of the views of the adjacent parkland and the entrance faces away from the park. The facility is also beginning to look tired and is showing signs of age.

2.17 Quite apart from the operational drawbacks of the building, its age will pose an increasingly severe financial challenge for the Council. A building condition survey undertaken in March 2022 highlighted that the mechanical and electrical plant are showing signs of age and the building fabric also has some challenges ahead. Costs will escalate significantly over the coming years. The total budget estimate for planned periodic maintenance for building services over the next 25 years is greater than £1m per year.

2.18 Assuming that the Council opts to retain a centrally-located leisure centre, the facility delivery method options can be summarised, generically, as:

Option 3A – No change

Option 3B – Refurbish

Option 3C – New facilities

Option 3D – Minor practical improvements

2.19 'No change' is the 'do nothing' option, but will involve the Council needing an increasing amount of additional expenditure simply to keep the existing facilities open. Surveyors were commissioned by the Council to provide estimates and this allowed the potential costs specified in paragraph 2.17 to be quantified.

2.20 In early 2022, headline cost estimates were obtained for refurbishment (£30 million) and new facilities (£35 million). Note that refurbishment is almost as expensive as new build, owing to the practical difficulties of using a leisure centre with 1970's and 1990's components as a starting point. Since being obtained these estimates will have been subject to inflation in the second half of 2022 and these costs need to be recalculated on a rolling basis.

2.21 Economic uncertainty and supply chain challenges have driven the capital costs for delivering this project beyond £35m. Industry assumptions suggest this cost will now be greater than £40m and could be higher. The recent rise in interest rates mean the borrowing costs to finance the project have also increased, adding additional financial challenges.

2.22 The new build and refurbishment figures are based on conventional building methods. A Passiv Haus construction would be more expensive initially, but would have the potential for lower running costs, which will be extra beneficial in combatting energy costs and the reliance in high amounts of energy for operation.

2.23 To combat the increasing costs of construction and increasing interest rates, a menu of minor improvements has also been compiled (Option 3D – Minor Practical Improvements). These changes would combat the energy costs and the negative carbon impacts of the centre on a small scale and would open up new activities for residents, which in turn would deliver additional revenue streams. This can be achieved by reconfiguring the reception area, the office spaces and the café terrace area. Reconfiguring these spaces can separate the pools from the indoor play areas, create a new space to extend the indoor play offering and make the reception and café facilities flow better for customers. Initial work on this possibility has been positive and more work is now needed to develop the business case.

2.24 A new leisure centre would deliver multiple benefits for the borough, however the Council is approaching this project at a difficult time. If a new centre were the preferred option, it would be a financial challenge to deliver it in the current circumstances alongside the Council's other strategic priorities.

- 2.25 In the short term the Council can continue to operate the asset in its current condition, accepting there will be limitations in the service it can offer and risks in the routine maintenance it requires. From 2022 to 2030 the minor practical improvement option will deliver benefits if a viable business case can be developed for those improvements.
- 2.26 However, over the long term it will not deliver the financial, social and environmental benefits that a new build leisure centre will deliver so serious consideration needs to be given to long term plans. Having a long-term plan will also enable decisions to be taken in the short to medium term over the best way to prioritise resources.

3. AVAILABLE OPTIONS

- 3.1 The options are as described in the preceding paragraphs.
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4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 The age of the building means that at some point it will need significant investment or it will need replacing. The decision in 2022 is whether replacing the leisure centre needs to be done in the short to medium term or if it is a decision that can be considered in the future.
- 4.2 Economic uncertainty and supply chain challenges have driven the capital costs for delivering this project beyond £35m. Industry assumptions suggest this cost will now be greater than £40m and could be higher. The recent rise in interest rates mean the borrowing costs to finance the project have also increased, adding additional financial challenges.
- 4.3 A new leisure centre would deliver multiple benefits for the borough, however the Council is approaching this project at a difficult time. Financing a new leisure centre or a full refurbishment in the current circumstances alongside the council's other strategic priorities would be a significant challenge.
- 4.4 The minor practical improvements option 3D can deliver an uplift in services, increase energy performance and target new business opportunities in the medium term. A business case to achieve these aims needs to be developed fully in order that a decision can be taken in 2023 and is the preferred option at this stage.
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5. RISK

- 5.1 There are risks associated with all the options described in this report. The risks associated with each option concern the continuing management of a building that is more than 50 years old, and addressing these risks is weighed against the risks of continuing increases in construction costs and the rise in interest rates.

5.2 The options in this report seek to protect the Council from exposure to volatile construction costs and increased interest rates in the short to medium term. By developing the business cases further, the Council will be able to monitor these risks and consider future leisure centre recommendations.

6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

6.1 Extensive consultation has taken place relevant to this report, including the following:

Focus groups, Spring 2022 (see Appendix 1)
Shepway Taskforce research, Autumn 2021
Consultation on future of Heather House, Spring 2019
Cross-borough Resident Surveys
Presentations to former Economic Regeneration & Leisure Committee

6.2 The Sport England Strategic Outcomes Planning Guidance process has also been completed. This includes consultation with sporting and health organisations who work across Kent and with clubs and voluntary groups who are based in the borough.

7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

7.1 A timetable for decision making is as follows:

ERL PAC – 6 December 2022
Executive Meeting - 21 December
ERL PAC – 7 February
Executive Meeting – 22 March

8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix 1: Rural Leisure Focus Group Summaries
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9. BACKGROUND PAPERS

None.