

## **CABINET**

**15 JULY 2014**

### **STROOD SPORTS CENTRE**

Portfolio Holder: Councillor Howard Doe, Housing and Community Services

Report from: Robin Cooper, Director of Regeneration, Community and Culture

Author: Bob Dimond, Head of Sport, Leisure and Tourism

#### **Summary**

To seek permission for an additional £1.4m funding to be added to the capital programme in order to proceed with the proposed redevelopment of Strood Sports Centre.

#### **1. Budget and Policy Framework**

- 1.1 In accordance with the Constitution, additions to the Capital Programme are a matter for Council, following recommendations from Cabinet.
- 1.2 The sports centre development forms part of a wider Council ambition to improve facilities in Strood, which also includes the provision of a new Community Hub. The development is part of the Medway Sporting Legacy plan, which was launched in July 2013, and is consistent with the Council Plan 2013 - 2015.
- 1.3 The scheme will be financed through Prudential Borrowing, funded by additional revenue generated by the enhanced facilities.

#### **2. Background**

- 2.1 In March 2013 Procurement Board approved a Gateway 1 report for the £1.9m refurbishment of Strood Sports Centre, and since the summer of 2013 a project team has been developing proposals for its redevelopment.
- 2.2 These proposals include:
  - more than doubling the footprint of the existing fitness suite
  - creating three new dance/aerobics studios
  - creating a new cycle spin room
  - redesigning the café and reception areas
  - improving the visual appearance of the entrance and frontage.

- 2.3 Participation levels at the centre for 2013/2014 are circa 330,000, a figure that is likely to grow considerably upon completion of the redevelopment.
- 2.4 As a comparison, the participation levels at Medway Park have increased by 240,000 in two years since the completion of the refurbishment and improvement works carried out at that site from a figure of 540,000 in 2011 to 780,000 last year. The increased participation levels at Medway Park have also generated increased income, primarily through a rise in the number of memberships. It is on this basis that a 15-year Prudential Borrowing business plan underpinned the Gateway 1 report on Strood Sports Centre.
- 2.5 When developing the programme, a key consideration has been the need to complete the new fitness suite in time for January 2015, as the first three months of the calendar year generate the most income for new membership sign-ups.
- 2.6 In order to achieve this key date, the overall programme has been developed on a phased basis, and a programme of enabling works has now been completed. This enables the substantive redevelopment works to be undertaken while ensuring the centre remains open at all times with minimal impact. In addition, planning permission has been sought and approved for the improvements to the centre's entrance and frontage.
- 2.7 In April 2014 Council approved the addition of the Strood Sports Centre redevelopment to the capital programme with funding of £500,000 at that stage, pending Gateway 3 approval of the substantive works.
- 2.8 Gateway 3 approval was granted at Procurement Board on 19 June 2014. The successful tender means the original budget projection of £1.9m is still robust.

### **3. Advice and analysis**

- 3.1 Approval of the additional £1.4m funding for the project will allow the contract for the substantive works to be issued, following Gateway 3 approval from Procurement Board. This is in line with approval given at Gateway 1 to progress a scheme for Strood Sports Centre, based on £1.9m Prudential Borrowing.
- 3.2 Redevelopment of the centre will create a facility that reflects the needs of customers and provides opportunities to increase revenues helping to make the operation of Medway Council sports centres more cost effective.

#### 4. Risk management

Risk	Description	Action to avoid or mitigate risk	Risk rating
Meeting the repayment requirements of prudential borrowing	The £1.9m redevelopment of Strood Sports Centre is being met through a 15-year prudential borrowing programme. This equates to annual payments of circa £174,000 per annum for the duration of the borrowing. The payments are to be funded by increased centre membership and usage, however it is recognised that membership levels are affected by the prevailing economic conditions locally and nationally	Revenue and costs are monitored on a monthly basis through service manager meetings and action plans will be developed, enacted – and where necessary amended – to ensure sports centre revenue and costs provide sufficient funding to meet the terms of the Prudential Borrowing	C3
Loss of income while the works are being undertaken	Strood Sports Centre has a throughput of circa 30,000 customers per month. With extensive redevelopment works being undertaken customers may feel they cannot use the centre	Enabling works have been carried out and completed to enable the centre facilities to remain open throughout the redevelopment works. This includes ensuring there will be a café available to customers throughout the works, and discussions are ongoing with Medway Norse concerning the cafés operation during the redevelopment	D3

#### 5. Consultation

- 5.1 Consultation was undertaken with sports centre users prior to the Gateway 1 report being submitted and approved. Detailed proposals have then been developed and amended taking into account the feedback from customers and staff, together with analysis of members' requirements at Strood and other Medway Council sports centres.

## **6. Financial and Legal implications**

- 6.1 The financial implications are addressed in paragraph 3 above, with the additions being funded through Prudential Borrowing.
- 6.2 The Council has power to borrow money for any purposes relevant to its functions or the prudent management of its financial affairs by virtue of section 1 Local Government Act 2003.

## **7. Recommendation**

- 7.1 The Cabinet recommends to Council the approval of the addition of Strood Sports Centre redevelopment to the capital programme, with funding of £1.4m to be funded by Prudential Borrowing.

## **8. Suggested reasons for decision(s)**

- 8.1 Cabinet approval of funding will allow the redevelopment of Strood Sports Centre to proceed, with the award of the contract for the substantive development works.

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### **Background papers**

Additions to the Capital Programme – report to Full Council  
<http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=23649>

Gateway 3 Report (Medium Risk) Strood Leisure Centre Refurbishment – report to Procurement Board 19 June 2014