

30 July 2019

Extraordinary Council

**King George's Playing Fields & Football Hub
Development**

Report of: *Kim Anderson, Partnership, Leisure and Funding Manager*

Wards Affected: *All*

This report is: *Public*

1. Executive Summary

- 1.1 At the 27 February 2019 Ordinary Council (min. ref. 339) Members agreed to the inclusion of £7m for the development of King George's Playing Fields within the Capital Program as part of the budget setting process. It was agreed at 23 January 2019 Policy Projects and Resources Committee (min. ref. 302) that expenditure would only occur, subject to the full business plan and operating model details being approved by a future Policy, Projects and Resources Committee (or relevant committee).
- 1.2 A report (Appendix **A**) and business plan (Appendix **B**) for King George's Playing Fields went to 10 July Policy, Resources and Economic Development improvements for consideration where members requested some further information. It was therefore recommended that the report and further information (set out in Appendix **C**, **D** and **E**) be submitted to Extraordinary Council on 30 July 2019 as well as a request for an additional £173,000 to be allocated to the capital programme to support the delivery of the project.
- 1.3 The business plan has looked at a number of options for the pavilion and the outdoor adventure play to ensure that the business model for the improvements is both financially viable and supports the needs of the community both now and in the future. The Football Hub Development is also included within the business plan as it is intrinsically linked to the King George's Playing Fields improvements.

2. Recommendation(s)

2.1 That Members agree to the recommendations in the business plan:

In particular agree to:

- 1. Option 4 for the pavilion building**
- 2. Option 2 for the Splash Pad**
- 3. Option 2 for the outdoor adventure play**
- 4. Option 3 for the operating model**

2.2 Members approve that the total budget allocation of £7.173m is included in the capital programme and approve the drawdown of funds to support the delivery of the project

2.3 Installation of a new changing places facility that will support the outdoor play activities

2.4 Agree for officers to commence a procurement exercise to appoint a contractor to undertake the football feasibility works to support the football hub development at the Brentwood Centre site

3 Background

3.3 At the 5 March 2018 Community Health and Housing Committee, Members agreed to the draft Leisure Strategy and Action Plan which was subsequently referred to Policy Projects and Resources Committee on 12 March 2018 for their consideration. The Strategy was sent for consultation and the final strategy and action plan was agreed by Community Health and Housing Committee on 3 July 2018 and the Policy, Projects and Resources Committee on 18 September 2018.

3.4 At the 12 March 2018 Policy, Projects and Resources Committee the budget was agreed, and delegated authority was given to the Chief Executive in consultation with the Chair of Community Health and Housing Committee and the Leader of the Council to appoint a Leisure Development Partner to develop a sustainable business plan for the improvements to King George's Playing Fields.

3.5 Alliance Leisure Services (ALS) were appointed to develop the sustainable business plan with a facility mix of community and commercial activity that will be financially viable for the Council and which supports the needs of the community both now and in the future.

3.6 As part of the project brief ALS were asked to examine the current use of the park, current income and expenditure, current lease arrangements and to undertake consultation with the relevant key stakeholders.

- 3.7 The brief identified some key desirables for the site which included improvements to the pavilion building, provision of some indoor soft play, outdoor adventure play and a wet play offer.
- 3.8 Alliance has completed the relevant surveys of the park, assessed the current and future demographics, identified potential income streams and have drawn up concept plans for the site. A competition analysis has also been undertaken which identified drivetime to existing leisure facilities and their relevant pricing structures. This informed the recommended the preferred facilities mix to maximise visitors to the park.
- 3.9 Officers and the Leisure Development Partner's architect have had three pre-application meeting with Planning Development department to identify relevant planning policies and any conditions and restrictions that need to be considered. The design and the location of the pavilion building has been amended as a result to make it more in keeping with its park surroundings and it is proposed that this sits adjacent to the existing pavilion.
- 3.10 Consultation has also taken place with key stakeholders for the pavilion and the wider public around the improved offer in KGPF to determine the type of facility mix both inside the pavilion and outside that could provide additional viable income streams, that in turn would support the 'free' community offer in the park.
- 3.11 Formal statutory planning consultation will also be undertaken as part of any planning submission.
- 3.12 Officers and ALS have also reviewed the assumptions (Appendix D) that have been made to the financial modelling of the initial business plan.
- 3.13 There are four key options that will need to be agreed going forward: The operating model, the location of the pavilion building, the type of outdoor adventure play and the wet play offer.
1. Options for the pavilion building
 2. Splash Pad options
 3. Outdoor Adventure Play
 4. Operating Model
- 3.14 **Type of operating model** that would manage the new facility as set out below:

1. directly managed by Brentwood Borough Council;
2. through the establishment of a trust/CIC which is an unconnected party;
3. or offered to an existing third-party provider to manage on the Council's behalf or through a Wholly Owned Company

With each of the operating models' officers needed to identify the benefits and/or disadvantages on the financial return to the Council, such as VAT, National Non-Domestic Rates (NNDR), staff pension costs and the optimal rental return. The options appraisal for the operating model is set out in Appendix C of the report.

- 3.15 **Options for the pavilion building.** There were four options that were considered:
1. Do nothing;
 2. Refurbishment of the existing pavilion building;
 3. New building on existing footprint;
 4. New building on new footprint.
- 3.16 **Splash Pad Options** – Options were looked at the style and type of system to use as the old paddling pools had been removed.
- 3.17 **Outdoor adventure play options** - ALS looked at the current types of provision both in Brentwood and the immediate vicinity to determine what activities could be included and whether they could provide a viable income stream. Two providers were shortlisted HAGS and Kompan.
- 3.18 The existing pavilion has 16 changing rooms which are currently used by Brentwood Rugby Club and adult football clubs. The Council is looking to move the adult football to the Brentwood Centre site as part of a proposed football hub development. The Council has been advised that Brentwood Rugby Club will be developing their own changing facilities attached to their pavilion building adjacent to the Ingrave Road entrance into KGPF. If the football hub development is progressed at the Brentwood Centre site, then the requirement for the changing room facilities can be reduced within the new pavilion to 4.
- 3.19 A report (Appendix A) together with the business plan and supporting appendices (Appendix B) was submitted to Policy, Resources and Economic Development for their consideration on 10 July 2019. A number of questions were raised by Members, so it was agreed by Members on the night that the report together with some supplementary information be submitted to

Extraordinary Council on 30 July 2019. The additional information is set out in Appendix **C**, **D** and **E**.

4 Issues, Options and Analysis of Options

4.1 One of the key workstreams under the Leisure Strategy is the Council's built leisure facilities and it was agreed by Members at the 12 March 2018 Policy, Projects and Resources Committee to focus on King George's Playing Fields and work with a Leisure Development Partner to develop a sustainable business plan for the park.

4.2 ALS were appointed to develop a sustainable business plan which examined commercial opportunities that could continue to support the free community offer in the park. This would include new indoor soft play, TAG Active, the development of new outdoor adventure play as well as a splash pad to replace the paddling pools.

4.3 Options for the pavilion building were:

Option 1 - Do Nothing – Whilst this option would cost less money, the existing building does not deliver the outcomes that the Council would want from the site. The pavilion was built in 1970s, so it is not as efficient and effective as it should be, it is not fully accessible and there are no fully accessible changing facilities. The site costs including the pavilion building will still cost the Council money as part of the general repairs and maintenance. It is estimated that the annual costs (including grounds maintenance) would be in the region of **£531,472**.

Option 2 – Refurbish the existing pavilion building – The associated costs and disruption during the build would not achieve all the outcomes that the Council would want to see. There would also be a requirement for transitional arrangement for the current tenants/ businesses/organisations that would need to be in place while the build works were being carried out. Transition arrangements need to be in place to ensure that there is business as usual when improvement works are being undertaken. This is estimated that these costs alone will incur a monthly revenue pressure of around £15,000 (decant costs). The refurbishment of existing pavilion may not be a big enough footprint to generate the required income to finance the capital costs and ensure sustainability going forward.

Option 3 – New build on part of the existing footprint – As in Option 2 there would additional costs for any transitional arrangements during the build phase which would impact on the current businesses/organisations. Whilst the build

would provide a more efficient and effective building and meet the desired outcomes, the estimated costs for this option would exceed the current budget allocation of £7m by approximately £15,000 per month (decant costs) and would also lengthen the build time, increase build costs and have a much longer disruption and impact on the park.

Option 4 – New build on new footprint – This is the preferred option as it will not require transitional arrangements. The move of the pavilion building adjacent to the existing building will still provide a central hub to service the areas of the park and will not impact on the existing tarmacked car park and was therefore felt to be the best location in the park. It will be close to the current and the planned amenities such as the play area, golf course, outdoor adventure play and splash pad. It will also mean that build works can start on the new pavilion and continue to allow access to the old pavilion building during the build. A more efficient and effective building could deliver all the options that the Council is looking for and should reduce the impact on the existing business and operations. There would be a requirement before any build works commence that the current overflow car park is improved and lined to provide improved parking for the whole site. Once the pavilion build is completed then demolition works would start on the old building and footprint areas would be landscaped to provide a better access to the golf course.

- 4.4 The table in Appendix 6 (within Appendix B - business plan) sets out the pavilion building site options appraisal.
- 4.5 It is therefore recommended that the Council approve **Option 4 – New Build on new footprint** option.
- 4.6 **Pavilion facility mix options** – A brief for KGPF was developed from the workshop sessions with cross party representatives, when Members identified that KGPF should provide a family hub with activities that could be used all year regardless of the weather.
- 4.7 This facility mix has been developed as part of the business plan and it has considered market competition in the immediate and neighbouring vicinity, future demographics, optimal drive time for visitors and the estimated income as a result. It is also expected that the improvement to the ancillary facilities could further support the community benefit of the golf and rugby club, and also for the general user of the park as the food and drink, toilet and changing facilities will all be improved.
- 4.8 Officers have also spoken to organisations, parents and carers in respect of the disabled facility requirements in the new building. Therefore, to support

both physical and sensory disabilities the building will include a 'Changing Places' toilet facility and an allocated sensory room.

- 4.9 This proposed new facility mix for the pavilion building and the park provides both commercial and community use. It is proposed that the pavilion building will house a new indoor soft play facility, TAG Active, an improved food and beverage offer. This combination will be the commercial element of the building. This will be complemented by new outdoor adventure play including Sky Trail/Tree Nets and new splash pad facility.
- 4.10 The community use will include changing rooms facilities, sensory room, classroom/training room, Hartswood Golf Club together with a flexible multi-purpose room which can be booked by any organisation but could also be used as a meeting room or for fitness classes. The refurbishment of the toddler, junior and senior play areas will compliment the 'free' offer.
- 4.10 **Catchment Area-** The catchment area for KGPF will be different for the various facilities. The use of the play areas, skatepark, formal gardens and general green open space will attract from a similar catchment and possibly those that choose to walk to the playing fields. The rugby club, lawn bowls and golf facilities will have a wider catchment and will bring visitors from outside of the borough.
- 4.11 The new indoor soft play and TAG Active is likely to attract from a 15-20 catchment and the new outdoor attractions from 30minute catchment and beyond. The TAG active provision will be the first of its kind in the South East of England. Other centres include Batley in Yorkshire and in Scotland.
- 4.12 One of the key elements that have also been included is to ensure that both the building and activities are as fully inclusive as possible. It is proposed that there will be a dedicated sensory room in the pavilion building, together with a new changing places facility and that mobile hoists can also be used within the indoor play facility. A lift will be installed which will enable access to the first floor of the building. Officers have set up a specific consultation group to look at the inclusive element in the new facilities.
- 4.13 In order to make the development sustainable the Council needs to ensure that there is a balance between the commercial element which can be used to subsidise the community offer available to the public.
- 4.14 The Council recognises the impact that the KGPF improvements can have in providing a positive impact on community health and wellbeing. The improved

offer for residents provides opportunities for formal and informal exercise to be delivered for all the family.

- 4.15 **Splash Pad options** - One of key requirements that the public stated as part of the public consultation over the summer of 2018 was that the paddling pools be replaced with a new wet play provision. Two leading contractors were asked to present their initial concept designs with budgets of between £300-£400k to an evaluation board of officers and representatives of ALS. (Members were invited but were unable to attend). It is proposed that the new wet play provision is located within the footprint of the old paddling pools which is already separately fenced.
- 4.16 The evaluation board felt that Ustigate provided the better concept design and inclusive play value. There were two options (as set out in Appendix 8 within Appendix B of the business plan) on the type of water system to be used, single use or a recirculation system. The board felt that the recirculation system could provide greater variety of equipment for users and in turn would provide a better financial return on investment.
- 4.17 It is therefore recommended that **Option 2** is approved by Members and that an additional £173,000 is agreed to be allocated to the budget for KGPF improvements if required. This is for the additional capital costs associated with option 2. Some of these monies could be recouped with the successful receipt of external funding applications.
- 4.18 **Outdoor Adventure Play** - Part of the commercial offer is the introduction of new outdoor adventure play. Two leading contractors in the field were asked to present some concept ideas to the Chair and Vice Chair of the Community Health and Housing Committee along with Council officers and representatives from ALS. As these were paid for facilities the concept designs needed to have a 'wow' factor. The initial budget allocated to this was £600,000. The designated area for outdoor adventure play is indicated on the site plan in Appendix 10 (within Appendix B of the business plan).
- 4.19 **Outdoor adventure play Option 1 HAGS** – The concept designs presented by HAGs were felt by the evaluating board to be too urban in their design, which did not fit into the surroundings of the park. They also did not provide the 'wow' factor that would attract paying customers as compared to the existing 'free' community offer available in the play areas.
- 4.20 **Outdoor adventure play Option 2 Kompan** - The second contractor provided a more open design using nets which would complement the park's surroundings and create opportunities for a wide range of age groups to

participate. Kompan also addressed how they would include the more inclusive aspects within the design. It is therefore recommended that the Council approves **Option 2 for the outdoor adventure play**.

- 4.21 **Changing Places facility** - Officers have also met with Short Breaks who provide funding for inclusive play to ensure that the offer in KGPF with the planned improvements is as fully inclusive as possible. The proposal is that a new changing places facility will be installed within the new pavilion building and another changing places facility will be installed to support the outdoor play offer. It is proposed that this changing place facility will be located next to the Splash Pad plant room to utilise the existing water and waste.
- 4.22 **Operating Model considerations** – The options for operating model are set out in Appendix C.
- 4.23 **Opening Hours** - Officers looked at the assumptions around the opening hours which were adjusted from the initial business plan to cater for golfers and park users being able to access breakfast facilities before 10am. While this may potentially require additional staffing costs, these costs could be offset from the predicted demand. (See Appendix D for more information)
- 4.24 **Costs of sales** – The cost of food and drink remains at 48% of income. However, it is of opinion that this could reduce to around 40% increasing the surplus within the operating model.
- 4.25 **Central Costs** - The operating model in Appendix 8 (within Appendix B - business plan) sets out the central costs, risks and contingency assumptions and indicate that preferred option 3 would need to allocate central costs for operating the pavilion, and that if the risk and contingency pot is not used this would go back to the organisation as profit. (See Appendix D for more information)
- 4.26 **Other costs and assumptions** – (See appendix D for more information) All other costs seemed to be reasonable in the business plan apart from the fact that no inflation had been applied to costs in future years, rather than applying these to the Business Plan, it is assumed the contingency pot could mitigate this. However, through budget control the Business case will continuously monitored and updated. If required inflation will be applied at the current rates 1% to salary costs, 2% NNDR, 2% insurance and 1% to cleaning costs.
- 4.27 The other assumption in the operating business plan is that all costs would have VAT added to ensure that the Council does not exceed its partial exemption of 5%.

- 4.28 Any income from the pavilion would not commence until the building was fully operational. Therefore, the Council would incur some interest costs on the loan (when it was taken out) through the build costs which will impact the Revenue on the General Fund. This could be potentially reduced with the phasing of the building development.
- 4.29 Any existing leases and expenditure are already accounted for in the Council's base budget and the assumption is that the grounds maintenance for the site will continue to be provided by Brentwood Borough Council directly, so these costs are removed from the business plan.
- 4.30 The Council also needs to consider this project as one of a number of projects being delivered / or will be delivered across service areas in the next few years so that the appropriate funding and resource are available to successfully deliver this project. With any funding all the associated risks and benefits will also need to be identified.
- 4.31 It is recommended that Members approve **Option 3** for the operating model is approved as this will give the greatest return to the Council of **3.57%** and will not impact on the Council's ongoing VAT partial exemption.
- 4.32 **Football Hub Development** – As set out in 3.16 the KGPF project is linked with the development of the football hub at the Brentwood Centre site. It is estimated that the football feasibility works will cost approximately £60,000 which will include relevant surveys and architect fees to identify the preferred site, orientation of the football pitches, 3G pitch and any ancillary facility such as changing rooms. These costs incurred by Brentwood Borough Council can be considered as part of any match funding requirement to the Football Foundation, who are the body that will award grants to support grass roots football and strategic improvement programmes. It is recommended that officers commence the procurement exercise for these works as soon as possible, so that this will not impact on the timings for the delivery of the KGPF improvements.
- 4.33 If the works are not progressed at the Brentwood Centre site, then the requirement for 16 changing rooms remains on the KGPF site which will increase the footprint of the building.
- 4.34 Assumptions have also been made on the car parking revenue (Appendix **D**) and it is recommended that further financial modelling is undertaken to ensure that it aligns with the development of the Council's borough wide 'Car Parking Strategy.' Any fees and charges and concessions will need to be agreed by

the Policy, Resources and Economic Development Committee and as part of the Council's overall budget setting process.

5 Reasons for Recommendation

- 5.1 As part of the Council's due diligence in delivery a successful Leisure Strategy, Members and officers need to have a complete picture of the current associated costs, risk profiles of the Borough's Leisure facilities and identify opportunities for income generation.
- 5.2 Comments from Sport England as part of the Local development Plan consultation, stated that a Leisure Strategy is required that assesses Council owned sports and leisure facilities in order that the Council can continue to work with partners to ensure that appropriate provision is made for the residents of Brentwood. The strategy should not only consider how the Council can provide services, but also how other partners can. The strategy should also use current sports facility evidence to identify strategic priorities to then inform what will be included in the Council's Infrastructure Delivery Plan. Following this feasibility work, the Council will then be able to determine which projects will be funded by the Community Infrastructure Levy (CIL) and those funded by planning obligations.
- 5.3 The Council's Asset Management Strategy 2014/15 also sets out the need to obtain and maximise income where possible from its asset portfolio.
- 5.4 The KGPF improvements support all six workstreams of the Leisure Strategy Built Facilities, Play Areas, Sport, Open Spaces, Health and Wellbeing and Governance Arrangements.
- 5.5 The Football Hub Development supports the strategic improvement and development of grassroots football across the Borough which will support a number of football clubs.
- 5.6 Both sites will provide a much improved fully inclusive offer of activities and facilities for residents and families.
- 5.7 The new pavilion will provide a more energy efficient and effective building.
- 5.8 Any delay in the decision-making process will impact on planning and build timelines for the project and therefore impact on the financial allocation for the project. Some of the surveys required for the planning application have to be done in a timely manner, so any delay may result in those surveys having to be

repeated incurring additional costs to the Council in the region of £64,000. The impact could also delay the Council getting to cost certainty and the possibility of increased build costs as a result.

6 References to Corporate Plan

- 6.1 The Leisure Strategy sits under two main strands of the Vision for Brentwood 2016-19: Environment and Housing Management to develop a Leisure Strategy to provide strong and sustainable leisure facilities for residents and businesses; and Community and Health - to work with community and voluntary organisations to develop the priorities for community development. There are also strong links for the priorities of the Council's Health and Wellbeing Strategy 2014-2017, the Local Development Plan, Active Brentwood/Essex and the Council's Asset Management Strategy 2014/15.

7 Implications

Financial Implications

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- 7.1 The initial Business Case from Alliance has been reviewed, along with the proposed financial model. Based on the revised assumptions, the current projected expenditure for the project could be up to a maximum of £7.173 million. This is worst case scenario without any external funding being secured for the project. Officers will be applying for in excess of £100,000 of external funding to support the project. The Council has allocated £7m within the Council's Capital Programme at Ordinary Council on 27 February 2019 and this report requests that this allocation is increased to £7.173m. The majority of which will be for the build costs for the pavilion which could be in the region of £5million. The rest of the costs will be required for the outdoor adventure play provision and the splash pad.
- 7.2 The Council will seek to maximise any external contributions. This would reduce the cost of borrowing to the Council due to the reduction in the total project costs. The amounts of any possible external contributions are unknown, therefore this will be monitored and reflected within the Council's Medium Term Financial Plan and the Business Plan for KGPF Pavilion and reported accordingly.
- 7.3 The financial modelling for the business plan is set out in Appendix **8** (within Appendix **B** – Business Plan) and Appendix **C** with the recommendations to achieve the best possible financial return for the Council on the proposed facility mix and final footprint of the pavilion building (subject to planning approval).

- 7.4 A financial summary is set out in Appendix E which sets out the total return on investment for the Council as well as the return for the preferred operating model Option 3 (Wholly Owned Company).
- 7.5 The preferred operating model is set out in Appendix 8 of the Business Plan and more information is included within Appendix C of this report.
- 7.6 It is assumed that the Council will need to fund all the project from external borrowing. This is captured within the Medium-Term Financial Plan 2019/20-21/22.
- 7.7 The table below, details the current capital requirement, as well as the potential revenue impact on the General Fund for the external borrowing of this project. However, the actual borrowing costs, would be subject to the future timings of Cash Flows.

	£'000
Pavilion Build Costs	5,000
Soft Play & Tag Active	600
Café	75
Outdoor Sky Trail & Nets	545
Outdoor Splashpad	400
Professional Fees	553
Total Build Costs	7,173
Interest Costs on Borrowing @ 2.5%	179
Minimum Revenue Provision (Principal)	219
Annual Financing Costs	398

- 7.8 The Council will seek to maximise any external contributions, which would reduce the amount of total borrowing required.
- 7.9 All other financial implications are within the main body of the report or the business plan.

- 7.10 All proposed fees and charges are set out in Appendix D. The fees and charges for the activities will be set by the Wholly Owned Company. The car parking charges for King George's Playing Fields would need come back to the relevant Committee (Policy, Resources and Economic Development) to be agreed.

Legal Implications

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- 7.11 The recommendations set out within this report are within the Council's powers and duties. The Council has power under s1(1) of the Localism Act 2011 to do anything that individuals generally may do, provided it is not prohibited by legislation and subject to public law principles. There is no express prohibition, restriction or limitation contained in a statute against use of the power in this way. In addition, s111 of the Local Government Act 1972 gives a local authority power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.
- 7.12 The recommendation to procure external legal advice to develop the governance model for the agreement between the Wholly Owned Company (WOC) or 3rd party operator and BBC in the management of the facility will help to minimise legal risk and secure best value for the Council in the development of King George's Playing Fields.

7 Appendices

- A) Report to 10 July 2019 Policy Resources and Economic Development Committee
- B) King George's Playing Fields Business Plan and appendices
- C) Supplementary note on operating model
- D) Supplementary note on assumptions
- E) Financial Summary

8 Background Papers

- 9.1 Feasibility study – King George's Playing Fields
- 9.2 Face to face and online consultation with park users
- 9.3 Leisure Strategy
- 9.4 Play Pitch Strategy

- 9.5 Local Football Feasibility Plan

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