

EAST RENFREWSHIRE COUNCILCABINET7 December 2017Report by Directors of Environment and EducationEASTWOOD LEISURE CENTRE/CAMPUS**PURPOSE OF REPORT**

1. The purpose of the report is to advise the Cabinet on the current condition of Eastwood Park Leisure Centre, Eastwood Theatre, Carmichael Hall and to outline options for further consideration with regard to future leisure provision and the Eastwood Park campus more generally.

RECOMMENDATIONS

2. It is recommended that the Cabinet:
- (a) Notes the 4 options with regard to future leisure provision within the Eastwood area of the Council;
 - (b) Approves the proposal to undertake a public consultation exercise with regard to the 4 options; and
 - (c) Asks the Directors of Environment and Education to commission for consideration by the Council;
 - (i) a comprehensive feasibility study and full business case for the potential construction of a new build leisure and recreational facility with pool, theatre and conferencing facilities at an alternative location within the Eastwood area of the Council; and
 - (ii) a master plan with options for the Eastwood Park campus in the future.

BACKGROUND

3. In recognition of the deteriorating condition of Eastwood Leisure Centre the Council in 2014 commissioned consultants Turner and Townsend to prepare a business case supporting the establishment of a long-term vision for the facility and to outline how the leisure centre could be improved for customers and at the same time operate more efficiently.

4. Key elements of this study included a full building condition survey of the existing facilities at Eastwood leisure centre (excluding Eastwood Park Theatre and Carmichael Hall), an assessment of current running costs, an analysis of the market and customer demand and stakeholder consultation. This consultation included both existing customers and those not using the facility.

5. In general the study found that the leisure offering is tired and is faced with increasing competition at one end of the market from higher value private health clubs and at the other end from budget gyms. It also found that the facility does not compare well to other local authority leisure centres which have been upgraded and refurbished over recent years.

6. The condition survey carried out as part of this exercise identified an extensive range of issues in the building requiring to be addressed. These are outlined in appendix 1. The cost at that time of remediating these issues alone was estimated at around £6.6 million.

7. This information formed the basis of an option appraisal by the consultants to determine the best option to deliver the type of leisure services expected by the existing customer base and importantly to attract new customers.

8. The consultants reported back in June 2014

As part of the report 3 options were considered. In summary these were;

Option 1 – status quo

Under this option the leisure centre would continue to operate on a reactive maintenance basis (i.e. to ensure it continues to be wind and watertight) with no major capital investment. This was considered to be unsustainable due to a substantial risk of major failure occurring with regard to the pool, plant and equipment.

Option 2 – address current maintenance issues

This option addressed the current backlog of repairs and planned maintenance issues and proposed the provision of a new swimming pool to allow the leisure centre to operate on a stable basis with the same use of space and service offering. Whilst this option addressed potential failure/shutdowns of the facility it did not tackle the problem of retaining the existing customer base and importantly expanding this through a much improved service offering.

Option 3 – major refurbishment

This option addressed all of the maintenance issues, provided a new swimming offering and also proposed an increased flexible gym space, a new changing village, poolside sauna and steam room and reception area, space for soft play and an outdoor play area. Also included were the required mechanical and electrical upgrades along with disabled access improvements. However, it did not include the provision of a sports hall, upgraded parking or sports pitches. In addition it was noted that the centre would likely need to be replaced within a 10 to 15 year window following such an upgrade. The cost of this option was estimated at around £10.275 million.

Conclusion

The report **concluded** that option 3 (refurbishment/redevelopment and extension at the existing Eastwood leisure site) at a cost of around £10.275 million was the best option in terms of value for money and would deliver a modern flexible facility that would increase income and reduce running and maintenance costs.

9. At that time the Council was considering the establishment of an East Renfrewshire Culture and Leisure Trust (the Trust). In June 2014 the Council considered the early findings of the feasibility of establishing the Trust. In December 2014 the Council agreed to put in place arrangements to establish the Trust. Clearly, it would have been inappropriate to develop these proposals any further before the Trust was fully established since the Trust would be responsible for operating, delivering and improving services at the facility.

10. In response to the overall situation the Council in February 2015 made provision within its General Fund Capital Plan of £6 million for the refurbishment of Eastwood Park Leisure Centre with £3 million programmed in 2018/19 and £3 million programmed for 2019/20. However, it was always envisaged that a higher level of funding would be required and this investment was earmarked as a minimum recognising that once the Trust was formed a further review would be required.

11. The Council continued in the interim as it had previously to maintain the property on essentially a wind and watertight basis with some investment and improvement works to the dry side changing facilities including the installation of new flooring, cladding and wet wall finishes.

12. In February 2017 the Council made provision of £50,000 in 2017/18 for master planning in relation to Eastwood Park leisure facilities. This was to help inform any future decisions with regard to the provision made within the General Fund Capital Plan of £6 million as outlined above.

13. The Council now needs to consider the current position and its options with regard to Eastwood Leisure Centre.

REPORT

14. Since the 2014 report there have been important changes in the environment within which the leisure centre operates which should be taken into consideration when developing options for the future. These include the following;

- the establishment of the Trust in July 2015.
- the approval by the Council in February 2016 of the Trust Business Plan for 2016/17 which focuses on increased income generation and a future reduction of Council subsidy possibly to the extent that the Trust at some time in the future requires no subsidy at all
- changing customer expectations with regard to the choice and quality of leisure centre facilities
- changing demographics (increases in the number of children/young people and elderly)
- increased housing supply numbers as identified in the existing Local Development Plan and the recent Main Issues Report
- new market trends and demands with regard to leisure and related facilities
- increasing levels of competition within the area in premium, budget and mid-range facilities

15. Furthermore, it is considered essential that any option appraisal regarding future provision should take into account a wider range of issues including;

- the Council's ambitions and aspirations with regard to future leisure provision within the Eastwood area (other Scottish local authorities have made recent and significant investments in their leisure facilities to provide modern centres and improved services for their customers and this is referenced in the main body of the Consultants' report)
- potential substantial income and customer loss to the Trust should the building(s) be closed due to failure and/or extensive refurbishment
- the financial consequences to the Council of having to compensate the Trust for lost income should this happen

- the relationship between the Leisure Centre, Eastwood Theatre and the Carmichael Hall (including the condition of the latter two buildings)
- St Ninian's High School and any future implications regarding development/expansion
- traffic congestion and parking within Eastwood Park
- the development constraints in terms of the building(s) footprint and adjacent land
- the development constraints of the Eastwood Park campus including competing user demands and roads access and exit congestion
- the continued deterioration of the existing facilities

Demographic Changes

16. The population of East Renfrewshire has been growing. The population in 2015 was 92,940 and is expected to grow by a further 13% by 2039. Of the current population 74% live in the Eastwood area.

17. The number of young people and children in East Renfrewshire has increased by 7.5% from 2011 to 2014. The number of under fives has risen significantly and the Council now has the highest proportion of 10 to 14 and 15 to 16-year-olds and the 2nd highest proportion of 5 to 9-year-olds in Scotland.

18. East Renfrewshire also has an increasing ageing population. It is predicted that by 2025 almost 25% of East Renfrewshire residents will be aged 65 years or over.

19. The Council's Local Development Plan adopted in 2015 includes a target of an additional 4100 homes over the period 2009 – 2025.

20. With the population growth and the increasing number of homes there will be an increase in demand for leisure facilities generally. There is clearly an opportunity to develop leisure facilities for young people and the elderly.

Aspirations

21. The Council has always been ambitious and aspirational with regard to its education provision and investment in new and refurbished schools, partly to meet growing demand but also to provide excellent facilities.

22. In a similar vein ambitious projects amounting to around £44 million have been identified with regard to City Deal.

23. However, this has not been the case to date with leisure facilities although there has been significant investment in the Barrhead Foundry and proposals are being developed albeit at an early stage with regard to education and leisure provision in Neilston.

24. The current situation presents an opportunity for the Council to consider, develop and set out clearly its ambitions and aspirations with regard to future leisure provision within the Eastwood area.

25. In view of all of the above it was considered appropriate by the Director of Environment to recommission Turner and Townsend to review the previously identified options for the Eastwood Park leisure facilities taking all of these factors into account and

building upon the original detailed work carried out by them in 2014. Key elements of this new review included:

- an updated condition survey of the Eastwood leisure centre, the adjoining Theatre and Carmichael Hall
- a review of current operations, including usage trends, current property running and maintenance costs and income levels for the facility
- a review of the current market landscape, the levels of customer demand and direct competition to Eastwood Park leisure centre at a local level
- updated costings associated with each of the previous options to account for inflation in present-day rates
- consideration of a new build option
- engagement with key stakeholders from the Trust

26. Turner and Townsend have now produced a review and options appraisal for Eastwood leisure facilities for the Council. The full report including all of the appendices can be accessed [here](#). Paper copies are also available in the Members' Lounge.

Key Findings of Report

27. Eastwood Park Leisure Centre:

- there has been no significant capital investment since initial inspection of the property in 2014. Many building elements have now reached the end of their useful life
- Eastwood leisure centre has significant repair issues with regard to the roof, glazing systems, internal building fabric, fire alarm installation wiring, water penetration, pool tiling and membrane, pool plant, the central heating system and the ventilation plant (see section 6 technical appraisal). Clearly, the building has deteriorated since 2014
- property running costs for the facility remain relatively high and are expected to increase
- the leisure offering at Eastwood Park is generally tired and outdated with many areas/rooms/halls failing to meet local needs and public expectations
- the leisure centre remains extremely limited in terms of the facilities provided and the range of activities and sports that can take place concurrently
- that the existing site is no longer meeting the needs of the local community or the sporting landscape that exists within the Eastwood area
- there will be increasing maintenance costs as the building continues to age and deteriorate
- the 5 lane swimming pool does not cater for the swimming lesson market, and public swimming or competitive swimming demand to be satisfied in East Renfrewshire
- the site has no games hall. Group fitness classes are held in a multifunction hall and have to be cancelled if events are taking place (this also impact on the wedding/event market centred on Eastwood house/Carmichael Hall)
- the gym offering is constrained by the configuration of the current site
- without significant investment in the facility there is a risk of major pool and/or plant failure within the next 5 years or sooner
- the leisure centre is operating at full programming capacity with waiting lists for swimming lessons, fitness classes and the restricted gym offering all impacting on usage and the possibility of income generation and growth

- in order to achieve a financially sustainable business model the Trust will have to maximise its income potential by improving its leisure facility offer in the Eastwood area

28. Eastwood Park Theatre and Carmichael Hall:

- both of these facilities have a tired look and lack a contemporary feel. They are reaching full programme capacity and the ability to generate further income is severely restricted. Importantly, both facilities are in need of significant renovation and refurbishment if they are to remain fit for purpose and meet customer expectations

REVISED OPTION APPRAISAL

29. The newly commissioned report considered four options:

- option 1 – status quo
- option 2 – address current maintenance issues
- option 3 – redevelopment on existing site
- option 4 – new build facility

30. A full analysis of these options is contained within section 7 of the main body of the consultants report.

31. The broad financial implications of these options are set out below. These are indicative only at this stage;

Option Summaries	Option 1	Option 2	Option 3	Option 4
Capital Investment	£0	£11,050,000	£15,530,000	£27,690,000
Allowance assumed for mid-term refresh works	£0	£2,500,000 (Year 6)	£3,000,000 (Year 11)	£4,530,000 (Year 12)

Table 1 - Capital Costs over 25 years

Future Income and Expenditure Projections

The estimated income and expenditure projections for each of the options, modelled over a 25 year lifecycle, are outlined below.

	Option 1	Option 2	Option 3	Option 4
Total Future Income over 25 years (Assumed total revenue income generation from the new facility from year 2016/17 to year 2040/41)	£28,320,000	£26,920,000	£30,630,000	£66,130,000
Total Future Expenditure over 25 years (Assumed total property running costs and future maintenance expenditure at the new facility between year 2016/17 to year 2040/41)	-£33,190,000	-£22,110,000	-£21,640,000	-£42,520,000
Total Profit / Loss over 25 years (Difference between revenue and expenditure at the new leisure facility expected over 25 years - from year 2016/17 to year 2040/41)	-£4,870,000	£4,800,000	£8,990,000	£23,600,000

Table 2 - Future Income and Expenditure Projections over 25 years

All figures exclude VAT. Values have been rounded to the nearest £10,000.

Conclusions

Option 1 – status quo (£0)

This option considers a continuation of the status quo i.e. the centre continues to run on a reactive maintenance basis only. The report advises, as did the previous one, that the do nothing option is unsustainable. Major failure could occur within the next 5 years if not sooner. A major failure would result in the closure of the Leisure Centre.

The consequences of this would be that the Trust would lose a substantial income which the Council would have to compensate them for. In addition customers would migrate to other providers. Advice from the Trust has indicated that it would be very difficult to get these customers back.

Option 2 – address current maintenance issues (£11.05 million)

This option considers addressing the current backlog maintenance issues identified by the Council along with the maintenance work recommended in the 2014 report and the more recent technical appraisal which forms part of the July 2017 report.

The report concludes that whilst this addresses potential failure/shutdown the Council will simply be managing decline. This option does not deal with the problem of retaining the existing customer base and expanding this through an improved service offering and contemporary building that can compete in the current market. It is unlikely to increase usage. Most importantly this option would require the facility to close either partially or fully during the refurbishment causing significant disruption to customers and a loss of income.

Option 3 – redevelopment on existing site (£15.53 million)

This option considers addressing all of the maintenance issues outlined in option 2, providing a new swimming pool to minimum competition specification, redesigning the gym space, studio spaces, the provision of a four court sports hall along with a new changing village, pool side sauna and steam room, a new reception area, flexible soft play space, and outdoor play area and improved disabled access.

Broadly, this option uses the existing building footprint with an extension to the rear to provide an overall footprint of 5524 m².

The report concludes that with the significant market change and operating environment issues identified through this review developing the existing building (s) would not deliver a facility that meets the aspirations and expectations of residents or the Council.

The type and size of leisure facilities required by communities have changed significantly over the last decade or so to accommodate new demand and new trends. It is now known that new, high-quality facilities attract customers. People are accessing leisure opportunities based on quality and the whole leisure experience.

The scope to maximise the space and improve the operational functionality of the site/facility is highly constrained. Any significant development at the existing site would need to be considered carefully in terms of the impact on the surrounding areas and protected open space. This is likely to substantially compromise the quality and layout of facilities that could be provided. As a result the ability to improve programming capacity for the facility would remain limited.

Any increase in the size, capacity and usage of the facility following the completion of redevelopment works would exacerbate existing problems with parking and traffic flow necessitating extensive modifications to the existing road layout.

It is important to note that major refurbishment/redevelopment works would require the facility to be fully closed for an extended period of time possibly up to 12 months. This would have a considerable and detrimental impact on existing customers. It would also lead to income and customer loss, have considerable financial implications for the Council and would cause significant disruption with regard to users of St Ninian's High School and customers visiting Council Headquarters.

Although this option would help address some of the issues with the service offering it would not significantly reduce maintenance and running costs for the Council.

Option 4 – new build facility – alternative site (£27.69 million)

This option considers the possible provision of a new 8000 m² high-quality flagship facility on an alternative site within the Eastwood area. This would effectively almost treble the leisure space currently being provided in the existing Eastwood Park facility (2384 m²).

This would offer huge potential in terms of new innovative areas of leisure and sports provision that could be offered in terms of sport, recreation and associated activities. It would provide an opportunity to inspire the community to participate in activities, attract a wider market, generate income and also the opportunity to create a unique selling point associated with the facility.

A new build option offers significant advantages over the refurbishment and redevelopment options. A new build option would result in a transformation of leisure facilities within East Renfrewshire. There is the opportunity for a new and state of the art leisure centre that can compete successfully in the current market tapping into the high levels of latent demand for sport and leisure activity within the area.

A new build facility would be highly comparable in quality with commercial venues in the current market, would provide the Council with a longer term solution and would have a design life of 35 – 40 years.

The opportunities for leisure and recreation activity that could potentially be provided in the new build facility include:

- 50m x 6 lane competition equipped swimming pool with a movable floor to overall depth of 3m, a moveable boom and 300 benched spectator seats
- 10m x 15m lane learner / teaching pool separated from the main pool
- Significant indoor changing village with wet and dry-side facilities
- 6 badminton court sports hall (minimum)
- 2 multipurpose dance / fitness / activity studios
- 1 conference / party catering suite with interactive theme wall
- Interactive play area
- Small community library space
- 1 spin studio
- 140 station fitness gym with access to the changing village
- Health suite, including sauna, steam room and showers
- Café area for 50 covers
- 4 outdoor five-a-side court size football artificial grass pitches with floodlighting and access to the changing village
- Staff changing facilities
- Staff management / admin suite
- Sports fixtures / fittings / equipment throughout the building
- 200 car parking spaces, with 10 additional spaces allocated for parent and child
- Hard landscaping including grass-crete to support overflow parking
- Good access roads, signage and planting.

Importantly, if a new build option were to be pursued this would allow the existing facility to remain open providing continuity of service, retention of the customer base and the avoidance of financial compensation by the Council to the Trust with regard to income loss.

In addition this option could help put East Renfrewshire on the sports and leisure “map” which could facilitate the leveraging in of external funding.

Consultant’s Recommendation

32. The consultants’ recommendation is that the Council take forward and develop a full feasibility study and business case for a new build facility (option 4) at an alternative location within the Eastwood area. The feasibility study and business case should include the following elements:

- Affordability assessment and consideration of debt financing
- Funding review
- Pre-application planning consultation
- High level design sketches and indicative floor plans
- Capital cost plan
- Business plan
- Procurement options appraisal
- Risk analysis
- Needs / demand analysis
- Scoping of redevelopment options for the existing site
- Governance structure
- Project programme
- High level assessments of transport planning
- Stakeholder consultation
- Site surveys
- Site options appraisal
- Additional work on income projections.

Further theatre option

33. In recognition of the Council’s and the Trust’s desire to continue to provide theatre facilities further consideration over and above the consultant’s report has been given to the possibility of adding a theatre to any proposed new build leisure facility.

34. Based on a specification of 2000 m² including a studio with a capacity of around 80, along with dressing rooms, green rooms, toilets and cafe/bar the indicative costs would be in the region of £3.25 million-£4 million.

35. Any costs for the theatre are likely to be additional (at this point in time) to the £27,690,000 already identified for a new build facility. However, further consideration could be given to the design options around a new build facility. For example it may be possible to integrate a multi-function theatre within the proposed 8,000m² footprint

Funding

36. The proposed feasibility study and the business case would require to consider carefully the funding implications associated with this proposal. In particular there are opportunities for realising a better return on investment, the potential for the co-location of services and savings associated with them (for example library and nursery provision) and

also the possibility of attracting funding from external organisations. All of these would be relatively impossible in relation to a refurbishment or new build on the existing site. However, they would be important factors which could be taken into account in a new build in a new location.

Site for a new leisure centre

37. Some consideration has been given to possible locations for a site for a new facility which would require a footprint of around 8,000m². This is at an early stage and further detailed feasibility work would require to be carried out in this respect if approval in principle is given to develop this option.

Sites considered to date include

- Broomburn Park;
- Woodfarm Pavilion and playing fields;
- Eastwood Park;
- Overlee Pavilion and playing fields;
- Braidbar;
- Rouken Glen Park; and
- Shawwood Park Newton Mearns

38. These and any other potential sites would be considered as part of the feasibility study and business case.

Public Consultation

39. As part of the process it is suggested that the Council may wish to carry out a public consultation exercise around the 4 options to better inform the Council's decision-making process at a future stage. The results of any consultation exercise would be reported back to the Council in due course

Eastwood campus

40. Should options 3 or 4 come to fruition then careful consideration would require to be given to the future opportunities in Eastwood Park particularly if the leisure centre, theatre and Carmichael Hall are no longer required due to a new build option being pursued. This consideration should be in the context of the future requirements/ambitions with regard to St Ninian's high school, the Council office accommodation within the park and Eastwood House

41. A master plan with options for Eastwood Park for consideration by the Council should therefore be prepared alongside the feasibility and full business case.

CONCLUSION

42. The Council now needs to consider its position with regard to the existing leisure facilities within Eastwood Park.

43. However, to do this it is suggested that the Council has all the relevant information to fully inform any future decision. It is suggested therefore that

- a public consultation is carried out over the 4 options
- at the same time a comprehensive feasibility study and full business case is commissioned for a new facility at an alternative location

- in due course a masterplan with options is commissioned for the Eastwood Park Campus

RECOMMENDATIONS

44. It is recommended that the Cabinet:

- (a) Notes the 4 options with regard to future leisure provision within the Eastwood area of the Council;
- (b) Approves the proposal to undertake a public consultation exercise with regard to the 4 options; and
- (c) Asks the Directors of Environment and Education to commission for consideration by the Council;
 - (i) a comprehensive feasibility study and full business case for the potential construction of a new build leisure and recreational facility with pool, theatre and conferencing facilities at an alternative location within the Eastwood area of the Council; and
 - (ii) a master plan with options for the Eastwood Park campus in the future

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November 2017

Appendix 1

Eastwood Leisure Centre Building Issues: 2014

- Short-term remedial works needed on the roof with the need for replacement of roof covering and fittings
- remedial work needed on elevations. The thermal performance of the building is described as very poor with very little insulation
- serious concerns over the pool membrane and tiling with evidence of water escaping below
- water penetration from the 1st floor to ground floor
- Fire safety compromised in several areas as a result of building or fitting modifications
- internal areas are generally worn and dated with widespread disrepair to ceilings, walls and floor tiled finishes
- heating systems pipework needs replaced
- heating and air handling needs replaced in some areas
- lighting and emergency lighting, including wiring, needs replaced
- switchgear, distribution boards and wiring needs replaced
- fire alarm installation needs replaced and to a higher standard
- lift needs replaced

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