

Place and Resources Overview Committee 28 July 2022 Redlands Community Sports Hub – Lease and Management Arrangements

For Recommendation to Cabinet

Portfolio Holder: Cllr L Miller, Customer and Community Services

Local Councillor(s): Cllr D Gray, Cllr H Legg, Cllr P Barrow

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Report Status: Part Exempt

Brief Summary:

In June 2021, after prior discussions with Dorset Council portfolio holders and senior officers, Weymouth College officially announced that, due to financial pressures, they were no longer able to run Redlands and would actively seek new tenants to take over the operations of the site.

Through an Expression of Interest exercise, the College received a single formal bid from Active Dorset, a local charity with a focus on helping people to become more active. The Active Dorset proposal was only to operate the external sports facilities and set out ambitious and exciting plans to develop Redlands into a more inclusive community park.

Council representatives attended several community engagement events hosted by Weymouth College and Active Dorset; listening to the concerns raised about the potential loss of the indoor leisure provision.

Active Dorset have subsequently brought forward a revised proposal centred around a key holder model, where community users and volunteers take on more responsibility for the site operations. This approach would enable the retention of both sports halls and some of the ancillary spaces.

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There is an identified strategic need for an additional full size 3G synthetic turf pitch at Redlands and early discussions with the Football Foundation around funding support has been positive as this is one of their priority projects.

There is scope within the existing lease for WC to underlet the whole or part of the property to a sports club or community group, on the provision that Dorset Council as the landlord, has given their consent. This could enable Active Dorset to introduce the key holder model prior to the surrender of the lease by Weymouth College and a new lease being granted to Active Dorset.

The new lease will be for 30 years to enable Active Dorset to secure external funding for facility improvements. However, there will be a 5-year break clause that can be activated by either party if the new model of operation proves not to be viable.

Under the new lease Dorset Council will be responsible for effecting any essential repairs and maintenance to the fabric of the buildings and adjacent land. Monies received from Weymouth College, in consideration for accepting their surrender, will be used to offset these costs.

Active Dorset have provided an 8-year income and expenditure forecast and although the site is expected to make a loss in the early years, they forecast an overall positive return of £24,000 by the end of the eight-year period.

Recommendation:

That the committee recommends to Cabinet:

1. That the Corporate Director for Assets & Property be authorised to agree the terms of the schedule of surrender payments and timeline for Weymouth College to surrender the lease at Redlands Community Sports Hub.
2. That the Corporate Director for Assets & Property be authorised to agree the terms to complete the early lease surrender with Weymouth College, agreeing the level of surrender payment and the grant of a new 30-year lease to Active Dorset for Redlands Community Sports Hub, with a break clause for either party at 5 years.
3. That the Council agrees to insure and maintain the fabric of the buildings, boundary fencing, car parks, access roads and any other built infrastructure at Redlands Community Sports Hub for the period of the lease to the extent of maintaining a wind, watertight and accessible site.

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4. That The Council acknowledges the 8-year revenue forecast set out at Appendix 3 and agrees to provide cash flow support (if required) for the period of the initial business case and the 8-year revenue projections forecast to be built into the Dorset Council Medium Term Financial Plan.

Reason for Recommendation:

The Council recognises the financial challenges for Weymouth College in continuing to manage the community facilities at Redlands and granting an early lease surrender will enable them to focus solely on their educational priorities.

Active Dorset have a passion for helping people to be more active, and their exciting plans for developing the volunteer led community café and sports fields will enable far greater community use for all ages.

The local community have openly expressed their wish for the indoor sports provision to be retained and the proposed keyholder model will give users and volunteers the opportunity to show that support and play a more active role moving forward.

Most funding bodies require a security of tenure of 30 years and Active Dorset will require this to secure external funding.

Active Dorset, as a local charity, would be unwilling to take on the liability of maintaining the building and land, however the Council has the resource and expertise to manage such an asset; and by using the surrender payments would be best placed to affect any essential repairs now and in the future.

Similarly, the Council would be better placed to smooth out the revenue cashflow in the early years on a budget that is forecast to be in surplus at the end of the 8-year period.

1. Background

- 1.1 Redlands Community Sports Hub (Redlands) is under the ownership of Dorset Council. Weymouth College are the current leaseholder of the Redlands site apart from the hockey pitch, which is leased to Weymouth Hockey Club. Weymouth College have a 25-year full repairing lease which runs until 2036. The existing lease is on a peppercorn rent.
- 1.2 Weymouth College initially contacted Dorset Council in October 2019 to highlight the financial challenges that they were facing in operating Redlands. They were incurring an annual deficit of between £150,000-£200,000, with the subsidy needing to be met through its overall college funds.

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- 1.3 The Council had at that time, appointed consultants to review its leisure provision, with Redlands considered as part of this wider review. A condition survey of Redlands was carried out at this stage as was a local facility audit. The Dorset Playing Pitch and Built Facility Strategies were also reviewed as part of this work. These indicated that there was an identified need for the external sports provision at Redlands, but an oversupply of sports hall provision in Weymouth, notwithstanding that much of this is on school sites. It should also be noted that the sports pitches are protected by Fields in Trust and the Football Foundation also have a charge over this area.
- 1.4 In June 2021, after prior discussions with Dorset Council portfolio holders and senior officers, Weymouth College officially announced that, due to financial pressures, they were no longer able to run Redlands and would actively seek new tenants to take over the operations of the site.

2. Expressions of Interest

- 2.1 The College subsequently invited expressions of interest by directly contacting local and national leisure providers as well as local clubs and community groups. They also issued a press release which received good local coverage.
- 2.2 Whilst Dorset Council, as property owner, would need to undertake due diligence of any prospective new tenants, the invitation to tender process was managed fully by Weymouth College as the existing leaseholder.
- 2.3 Initially Weymouth College had contact from ten interested organisations, with three of them stating their intention to submit a formal proposal. That said, they only received one formal bid and that was to only operate the external facilities as the operator had reservations around the viability of managing the internal facilities.

3. Active Dorset Proposal

- 3.1 That bid was from Active Dorset, a local charity with a focus on helping people to become more active. They have demonstrable experience locally of developing facilities for community use and are currently operating the Wey Valley Tennis Centre next to the Redlands site.
- 3.2 They submitted an exciting business plan with a vision to create much more of a community park than a sport only space. They planned to introduce some soft landscaping and planting and an accessible hard surface loop for walking, jogging, and cycling, as well as a trim trail and informal play spaces such as a skatepark. All of this would be centred

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around a volunteer led community café, encouraging local people to be more active in the outside environment.

- 3.3 In terms of the formal recreational spaces, they are also keen to refurbish the existing 3G synthetic turf pitch and build an additional pitch to meet demand levels. The Dorset Football Facility Plan and Playing Pitch Strategy both identified a need for an additional full-size pitch for Weymouth and given the existing infrastructure, Redlands makes the ideal location. Active Dorset have been engaged with the Football Foundation who have indicated their support to provide match funding for this project. A funding bid would however be subject to a business case approval and reviewed by an assessment panel.
- 3.4 Whilst Active Dorset have a clear vision for the site, they are also keen to engage with the local community so that facility improvements would be shaped through strong community collaboration and support.

4. Community Engagement

- 4.1 Whilst the Active Dorset proposal around enhancing the external provision was positively received by many, the potential loss of the internal sports facilities raised significant unrest with users and the local community. Although the facility audit work suggested that most of this existing usage could be accommodated at other facilities within the local area, an online petition was created with nearly 4000 people voicing their concerns.
- 4.2 Even though the Council were not directly involved in the tendering process, they wanted to listen and reflect upon what the community had to say and consider any alternative proposals for the site. They were able to do this by attending a large community meeting hosted by Weymouth College and Active Dorset. They also joined discussions with local clubs and users and continued to engage with the Town Council and local ward members throughout.

5. Revised proposal and operating model.

- 5.1 With a strong level of community support, Active Dorset was encouraged to review their plans and see if they could identify a way of also operating as much of the internal facilities as possible.
- 5.2 Whilst high staffing requirements will always prevent an operation like this from being financially viable and sustainable, a community led operating model can be. Active Dorset already have experience of operating facilities where the community themselves play a far more active role. This is evidenced in the keyholder model approach which they operate elsewhere. This requires groups and clubs to take responsibility for the facilities during their usage time, setting up and taking down their own

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equipment, and securing the building when last to leave. This significantly reduces the required levels of paid staff.

- 5.3 Similarly, all bookings and enquiries would be dealt with online, taking away the need for an onsite customer service presence. Bookings will generate a code which will enable users to access the building through a coded entry point.
- 5.4 This approach would allow for the retention of both sports halls and some of the ancillary spaces. It is however imperative that the facilities are fully maximised and proposed plans would see the conversion of the underutilised squash courts into a modern multi-purpose studio and the creation of a new community café and children's soft play area; all of which would be designed to encourage more usage from all sectors of the community. If the community did not support the centre to the levels required to make the operating model sustainable, then there is the risk that the lease could be terminated mutually by either party.
- 5.5 Whilst Active Dorset is keen to maintain a high level of interaction with users, it should be recognised that whilst this operating model will secure most of the current facilities and services, some facilities and activities may well be changed or cease altogether. However, Active Dorset is committed to work with any displaced users and identify alternative opportunities for them to continue to be active. As the landlord, the Council would make the necessary building alterations to enable the keyholder model to be introduced.
- 5.6 Weymouth College have engaged with Active Dorset to consider the TUPE position of staff at Redlands, including grounds staff. The Redlands team operate at Redlands and Cranford Sports Centre so there will be a requirement for Weymouth College to retain some staff at Cranford Sports. Currently there is a small team of 13 staff (8.2FTE), including grounds staff that oversee the management of Redlands and Cranford Sports. Based on a review of each member of staff's centre of duty and required staffing at Cranford Sports Centre from September 2022, 7 staff (3.36 FTE) are expected to TUPE across to Active Dorset. Discussions between Weymouth College and Active Dorset confirm an indemnity will be agreed to address potential staffing costs on transfer.

6. Leisure Strategy

- 6.1 The Council needs to address the matter of the future of its built leisure provision. It currently has a building stock which is ageing and proving costly to operate. Dorset Council does have a strong and resourced capital programme but needs to ensure that any future investment in its leisure offer gives best return on investment and creates the widest benefit for its residents. In respect of revenue funding the Council's resources should be distributed equitably across the county prioritising areas of

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health inequalities. This will also ensure that any ongoing revenue support for the Council's future leisure offer is financially sustainable.

- 6.2 The proposed investment in the external facilities at Redlands will be appropriate due to the protections that the playing pitches have, however long-term decisions around the built facility should be considered as part of this wider review.

7. Underletting arrangements

- 7.1 There is scope within the existing lease for Weymouth College to underlet the whole or part of the property to a sports club or community group, on the provision that Dorset Council as the landlord, has given their consent.
- 7.2 Whilst the plan is for Weymouth College to surrender the lease and the Council to issue a new lease to Active Dorset, both Weymouth College and Active Dorset are keen to introduce the new key holder model with Active Dorset taking over the operational management of the site. At this stage, the conditions within the existing lease would be maintained, until such time as a new lease has been granted. The Corporate Director for Assets and Property will, under delegated powers, be able to grant permission for the underlet between Active Dorset and Weymouth College.

8. Lease Surrender

- 8.1 Subject to necessary approvals from the College Boards, Cabinet, third parties with a charge on the lease and Fields in Trust, Dorset Council propose to accept the early surrender of the lease. Officers will implement the Cabinet decision as soon as it becomes effective and once all due diligence and terms have been agreed between all relevant parties. It is intended that documents are exchanged with 12 weeks of the enactment of the Cabinet decision subject to clearance of all final due diligence matters.
- 8.2 The details pertaining to the proposed surrender payment schedule and costs associated with any potential future development of the site are set out at Appendix 1.

9. New Lease

- 9.1 Subject to the above surrender, the proposal is to grant a new 30-year lease to Active Dorset, with a break clause at 5 years. Active Dorset will need to have security of tenure for a period of 30 years to enable it to secure external funding.

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- 9.2 Alongside this will sit a management agreement between Dorset Council and Active Dorset which will set out the service specification requirements. This will not be a full repairing lease, so Dorset Council will be responsible for effecting any essential repairs and maintenance to the fabric of the buildings, boundary fencing, car parks, access roads and any other built infrastructure to the extent of maintaining a wind, watertight and accessible site.
- 9.3 Dorset Council will agree with Active Dorset the works to be addressed by them as the landlord within two months of the agreed Heads of Terms to ensure the premises are safe and compliant for use. These works may include electrical, mechanical, and engineering, internal, and external repairs and may result in specified works being scheduled after lease completion. Dorset Council will agree with Active Dorset further works deemed necessary and schedule in the works over the first five years of the lease term. A detailed works schedule will be maintained by Dorset Council itemising the works that will be funded from the surrender monies.

10. Finance and Risk

- 10.1 The report has set out how the site will be operated in the future and the responsibilities that Dorset Council will have with the buildings and land. It also details the surrender payment schedule and confirms how these funds will be used towards maintaining the facilities moving forward. The Active Dorset proposal also highlights how facilities could be developed in the future and sets out the levels of required external and match funding to achieve this. There is strong strategic evidence to support these developments, and key funding bodies such as the Football Foundation are already in dialogue with Active Dorset. This is a priority project for the Football Foundation, so they are eager for a scheme to be brought forward.
- 10.2 The financial implications fall into two aspects: the one-off costs in undertaking the necessary changes and adaptations on site, and the medium-term financial viability of the site.
- 10.3 The one-off works are necessary to make the site fit for purpose both in terms of safety and compliance and to enable Active Dorset to maximise the potential usage of the site. In the main, these works will require capital funding. The most significant aspect of this is the new and replacement 3G pitch. Appendix 2 provides details of the total estimate of costs and the combination of funding sources to offset these. It should be noted that the anticipated Football Foundation pitch grant and central government grant is not yet secured.
- 10.4 The medium-term viability of the site is set out in the 8-year income and expenditure projection attached at Appendix 3. The projection has been

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prepared by Active Dorset and is a combination of taking known costs at the site from Weymouth College and/or Dorset Council, but also making adjustments going forward based on the experience of Active Dorset in running similar sites elsewhere.

- 10.5 Weymouth Town Council also wanted to show their support for the retention of the indoor facilities and as a result has committed to provide an annual funding grant of £35,000 for the next two years. It is hoped that this commitment is continued beyond the next election cycle.

11. Financial Implications

There are several one-off works that are necessary to make the site fit for purpose both in terms of safety and compliance and to enable Active Dorset to maximise the potential usage of the site. The most significant aspect of this is the new and replacement 3G pitch. Appendix 2 provides details of the total estimate of costs and the combination of funding sources to offset these.

The site is expected to make a loss in the early years but make an overall positive return of £24,000 by the end of the eight-year period. As with all projections, there is a risk. A 10% reduction in income produces an overall loss of £300,000 + over the eight-year period, however, a change in the projection to reflect 10% additional income produces an overall positive figure of £300,000 + over the same period.

It should be noted that the anticipated Football Foundation pitch grant and central government grant is not yet secured. It should also be noted that there is currently significant general risk of cost inflation within the wider economy, and the leisure centre sector is also still recovering from the effects of the pandemic. For these reasons, any modelling of the medium-term financial viability should be considered as indicative rather than robust.

12. Well-being and Health Implications

As reflected by the Government and Sport England strategies and recognised by local authorities and Public Health England for some time, 'sport' is no longer delivered solely for 'sport's' sake. Increasing participation in sport and physical activity and reducing levels of inactivity are key to both local and national Government achieving outcomes in public health (physical and mental), adult social care and education.

This is further reflected in the Council Plan, where a key priority is to help create strong, healthy communities. The council's aims are to support communities to be active, to increase people's healthy life expectancy and reduce differences between areas. Leisure facilities will play a significant role in providing opportunities for all ages to lead a more physically active lifestyle.

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A recent report completed by Sheffield Hallam University reviewed the social return of investment into sport in England. It concluded that for every £1 spent on sport, £1.91 of benefits are generated in health and other related outcomes.

13. Climate implications

Having declared a climate emergency, Dorset Council is committed to reducing its carbon footprint by developing energy efficiency and renewable energy projects in council buildings. Leisure centres owned by the council are large buildings with high energy consumption, and the condition survey reports have identified a need for a substantial amount of facility investment.

Any future investment in existing buildings, or decisions around future uses and viability of buildings, will need to take account of the ability of the building to incorporate low carbon technologies such as LED lighting, efficient pool ventilation, solar PV, biomass heating or air/ground source heat pumps etc.

14. Other implications

The Council is due to commence work on developing a new Leisure Strategy that will help shape future thinking around the wider leisure offer across the Dorset Council area. Any long-term decisions for Redlands should be considered as part of this.

15. Risk Assessment

Having considered the risks associated with this decision, the level of risk has been identified as:

Current Risk: Medium

Residual Risk: Medium

16. Equalities Impact Assessment

The recommendations propose a change to a new operator at Redlands and an adoption of the keyholder operating model. This will enable groups/clubs to access the facilities and encourage higher levels of community involvement with Redlands. Individual users will still be able to attend activity sessions and will also be encouraged to join groups that hire the facilities.

Improvements to the existing facilities will attract a broader range of users and will enable the site to be more inclusive. The details are set out in Appendix 4.

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17. Appendices

Appendix 1 – Surrender payments - exempt
Appendix 2 – Capital Costs and Funding - exempt
Appendix 3 – Revenue budget – exempt
Appendix 4 – Equality Impact Assessment

18. Background Papers

None

Footnote:

Issues relating to financial, legal, environmental, economic and equalities implications have been considered and any information relevant to the decision is included within the report.