

Item No.	Classification: Open	Date: 7 July 2010	Meeting Name: Cabinet
Report title:		Elephant and Castle – Provision of a New Leisure Facility	
Ward(s) or groups affected:		Cathedrals, Chaucer, East Walworth and Newington	
From:		Cabinet Member for Culture Leisure Sport and the Olympics and the Cabinet Member for Regeneration and Corporate Strategy	

INTRODUCTION AND RECOMMENDATIONS FROM CABINET MEMBER FOR CULTURE LEISURE SPORT AND THE OLYMPICS AND THE CABINET MEMBER FOR REGENERATION AND CORPORATE STRATEGY

The Cabinet agreed on 15 June 2010 on the importance of putting leisure facilities in the plan for Elephant & Castle. The existing facilities are in need of major refurbishment and as more people come to the Elephant and Castle the demands that are going to be placed on them is only going to increase. This report should be seen as the first really positive step towards developing new facilities for the area.

The existing site is best located to provide a new leisure facility. We know that the future is going to be very challenging financially. It is therefore very important that we consult with local users, residents and area stakeholders to find out what the leisure priorities are for them. We are asking the Cabinet, after consideration of the officer report which follows at paragraph 5 onwards to approve the recommendations set out below.

RECOMMENDATIONS

1. That Cabinet agree to adopt the current leisure centre site as the preferred location for new leisure facilities at Elephant and Castle and supports the broad configuration of land uses on the site as shown on the plan at Appendix A i.e. residential at the east of the site and leisure at the west.
2. That the Cabinet agree the principle that the receipt generated from the sale of the residential component at the front of the site is intended to be reinvested to deliver the leisure facility at the rear.
3. That Cabinet instructs officers to agree a consultation plan with the Cabinet Member for Regeneration and Corporate Strategy for a short consultation process to establish what leisure facilities local people want to see.
4. That Cabinet instructs officers to report back by November 2010 with the results of the consultation and proposals for a full project mandate for a new leisure facility at the Elephant and Castle. The report will also address potential funding streams, partners, interim arrangements for leisure provision, revenue/capital cost implications and explore delivery options.

BACKGROUND INFORMATION

5. Initially, four sites were considered for a new leisure facility at the Elephant and

Castle – current leisure centre, Stead Street Car Parks, Heygate plot 8 and Heygate plot 17/18. An independent appraisal of the financial implications of locating a leisure facility on the four sites was carried out by Drivers Jonas Deloitte (DJD). The assessment concluded that on the Heygate plot 8 and plots 17/18, significantly more subsidy would be required over the current leisure centre site and the Stead Street sites due to the opportunity cost of lost commercial development and additional construction costs associated with development above the proposed leisure facility. As a consequence, the Heygate plots which would require a higher level of subsidy to be viable were eliminated from further consideration.

6. In addition plots 8 and 17/18 are within the boundary of the Heygate Estate and covered by the proposed regeneration agreement with Lend Lease (LL). Selection of those two plots, therefore, had the additional risk on delivery through the Council's development partner at Elephant and Castle as well as significant delays in delivery as those plots are brought forward in accordance with the Council's partners programme for development on the Heygate with significantly greater time through planning with the sites brought forward as part of the Master Plan development and outline planning application for the Heygate and Shopping Centre.
7. The remaining two sites [current leisure centre, Stead Street Car Parks] have subsequently been assessed in more detail. The objective of the appraisal was to identify the site which is most capable of meeting the Council's leisure objectives. The appraisal undertaken jointly by MAKE architects who have previously undertaken studies in relation to the current leisure centre site [and who are also retained by LL] and S&P architects who specialise in the design and implementation of leisure facilities including swimming pools. In addition DJD have provided independent valuation advice on the various residential development scenarios which have been considered. The appraisal considered the following factors;
 - The capacity of the sites to accommodate a leisure facility,
 - Key planning and infrastructure issues including the objective of providing water treatment and recycling facilities in connection with the boreholes which have previously been drilled at both sites.
 - The likely revenue implications arising from the operation of a leisure facility on the respective sites
 - The potential of part of the current leisure centre site to generate a land receipt [via a predominantly residential development] to contribute to the capital costs of the new leisure facility.
 - Initial cost estimates for the construction of a new facility [including the demolition of the existing centre].
 - Impact on the delivery of the affordable housing programme.
8. In order to assess the potential of the sites to meet the Council's leisure objectives three options for the provision of a leisure centre were considered. The first, which is referred to as 'the optimum leisure centre offer', comprising 5820 sq.m of floorspace and incorporating the following facilities;
 - Includes a 6 lane 25m swimming pool,
 - Teaching/hydrotherapy pool
 - health suite [including sauna, resistance & cardio training gym, multi-purpose exercise studios etc]

- 4 court Sports Hall
9. The second option, referred to as ‘the minimum leisure offer’, includes all of the above except the sports hall facility and comprises 4930 sq.m of floorspace.
10. A third option comprising an 8 court sports hall, health suite and 2 studios which is referred to as the ‘dry side only’ offer was assessed for the current leisure centre site only.
11. The purpose of this report is therefore to:
- Provide a summary of the conclusions from the site assessments and option appraisal.
 - Recommend a preferred site for the new facility
 - Set out the next steps for the delivery of the new facility.

KEY ISSUES FOR CONSIDERATION

Site Appraisal

12. The conclusion from the site appraisal is that only the current leisure centre site has the capacity to meet the Council’s aspirations for a new leisure centre facility [including a sports hall] at the Elephant and Castle. Additional advantages of this site are considered to be as follows;
- Any of the options at this location can be expected to generate higher levels of revenue (therefore requiring potentially less subsidy) due to its central location and strong public transport connections.
 - The principle of redeveloping the leisure centre site for a mixed use development comprising residential and new leisure facilities is acceptable in planning terms. The site is located within site 39P Elephant and Castle core area where the schedule of required uses includes the provision of a new leisure centre.
 - All leisure centre options are capable of being designed to accommodate servicing and up to 10 disabled car parking spaces within the site boundary.
 - All options for this site are capable of being designed to incorporate the existing bore hole and associated water treatment facilities. The grey water recycling facility which is likely to be required as part of the solution to meet code for sustainable homes requirements for the wider redevelopment of the area could not be incorporated and therefore an alternative site would need to be found for this.
 - All the options indicate that a design could be brought forward for this site which would provide additional public open space potentially extending St. Mary’s Churchyard north towards the London College of Communication.
13. The only Stead Street option which was capable of meeting the full brief would require the closure of Stead Street itself. This would also require the diversion of major utilities [gas, electricity, water], road closure orders, alterations to the local highway network, possibly including the widening of Wadding Street to allow for two-way traffic. There are significant costs, risks and potential for delay involved in such an approach which is likely to generate objections from residents.

14. In addition the Stead Street site is allocated for housing in the Southwark Plan. A proposal for a leisure centre site would therefore represent a departure from the Southwark Plan and therefore if planning were granted it would have to be referred to the Secretary of State for final approval. This is an additional risk with the potential also to delay the scheme.
15. The Council has been working in partnership with Guinness & Wandle Housing Associations to bring forward a predominantly affordable housing development on this site. Pursuing any of the options would result in an estimated loss of up to 140 homes 75% of which would be affordable.
16. The leisure centre site is well located in terms of public transport. The site is very visible with high levels of pedestrian footfall throughout the day. The planning policy context supports a facility at this location and the site is sufficiently large to accommodate a range of leisure facilities. As a consequence the site is considered to be the best location for a new leisure facility and this is a view which is supported by the Director of Environment and Housing [see paragraphs 37 - 39]. It is therefore recommended that the Cabinet agree to adopt the current leisure centre site as the preferred location for new leisure facilities at the Elephant and Castle.

Current leisure centre site – land use configuration

17. As noted above, the options appraisal considered the potential for part of the current leisure centre site to generate a land receipt [via a predominantly residential development] to contribute to the capital costs of the new leisure facility. The close proximity of residential properties at Brook Drive restricts the amount of residential accommodation that can be reasonably be expected to be incorporated at the rear of the site. As a consequence, development scenarios with a residential development fronting on to the Elephant and Castle have the capacity to allow for more residential to be constructed and therefore potentially more land value to be generated.
18. It is therefore recommended that the cabinet supports the broad configuration of land uses on the site as shown on Appendix A i.e. residential on the east of the site and leisure at the west.

Capital Receipt

19. Initial valuation work undertaken by DJD suggests that the residential development scenarios which have been considered do have the capacity to generate a receipt which could contribute towards the cost of constructing a new leisure facility. The optimum leisure offer which meets the full brief will require a larger site area reducing the land available for residential development. The minimum leisure offer will be likely therefore to generate the highest receipt as it allows for significantly more residential development.
20. A final decision on the content of the leisure offer will only be made following public consultation and further technical work on costs and value. The Cabinet are therefore asked at this time to agree to the principle that the receipt generated from the sale of the residential component at the front of the site can be reinvested to deliver the leisure facility at the rear.

Next Steps

21. Public consultation to establish local resident's preferences for leisure provision at the Elephant and Castle will be undertaken between July and October this year. The results will inform the decision on the final project mandate which will be reported to the Cabinet in November.
22. The November report will also address in more detail potential funding streams; partners [Lambeth Council, the London Institute, South Bank University, PCT and health providers etc]; revenue/capital cost implications; and also explore delivery options.
23. The redevelopment of the site will necessarily involve the demolition of the existing leisure centre. However, while the swimming pool has been closed for over 5 years, the sports hall and gym are used considerably. The redevelopment will mean that for a period of time there will be no sports hall and gym at the centre of the Elephant and Castle and so the November report will also consider the extent to which it might be possible to provide alternative facilities to meet this short term gap in provision.
24. Another issue worth noting is the Doon Street development on the South Bank which has recently been given planning approval following a judicial review. This scheme includes public swimming and leisure facilities. Given the close proximity of this site (around 2 km) from the Elephant and Castle, it will be necessary to consider the implications of the proposal for leisure facilities at the Elephant and Castle in light of another public facility being so close by in order that the proposed leisure offer for the Elephant and Castle is not compromised.

Policy implications

Southwark Council Corporate Plan 2009 – 2011

25. The plan aims to promote healthy and independent living throughout Southwark. The plan identifies regeneration projects as a way to 'build strong communities that promote connected, healthy and active lives'. The plan also states that at the Elephant & Castle there will be refurbished or new leisure facilities.

Sport and Leisure Perspective

26. The plan to provide a new leisure facility, particularly at the Elephant & Castle site accords well with the seven themes from Southwark's Sport and Physical Activity Strategy, which was agreed in 2009. The themes are quite self-explanatory and are listed below:
 - Using physical activity for both the prevention and management of ill health.
 - Maximising the use of planning policy in providing for sport and physical activity.
 - Providing a network of appropriate places and spaces for sport and physical activity.
 - Improving access and choice for the whole population.
 - Building and maintaining an effective multi-agency delivery system for sport and physical activity.
 - Maximising the use of London 2012 to promote physical activity.

- Maximising the impact of all resources.

Core Strategy/Southwark Plan

27. Through the core strategy adoption process the Elephant and Castle leisure centre site will form part of the Elephant and Castle Core Area [currently referred to as site 39P in the Southwark plan]. The Southwark plan identifies a specific need for a leisure centre within this site and this requirement will be retained as part of the core strategy. Residential development is generally an acceptable use throughout the core site. A mixed development comprising a new leisure centre and residential would therefore be acceptable in principle on the leisure centre site which is recommended as the preferred location for the facility. As noted elsewhere in the report the Stead Street sites are identified for housing purposes in the Southwark plan and therefore a proposal for leisure facility would not be acceptable in principle and would represent a departure from the adopted plan. Furthermore, such a scheme would potentially impact on the Council's ability to meet its housing targets.

Community impact statement

28. The current leisure offer at the Elephant and Castle is restricted to a sports hall and gym. The swimming pool has been closed for 5 years and this reduces the existing community's access to leisure facilities which is one of the Council's themes in its Sport and Physical Activity Strategy referred to in the policy section of this report. This has the potential to impact on the health of individuals within the community due to the limited provision of facilities and therefore the need to improve leisure facilities has been recognised in various Council strategies which are referred to in this report.

29. The development of a new facility potentially including a swimming pool has the potential for significant community benefits including increase leisure choice and activity leading to improved health outcomes.

Resource implications

30. The next phase of work which will take place during July-October will involve public consultation and further technical work to test the viability and costs of the proposals for the site. These revenue costs are not expected to be significant and have been budgeted for within the agreed Elephant and Castle project team budget.

31. Some preliminary work has been undertaken to investigate the capital costs of a new facility. However this issue together with the revenue implications of the various leisure options will need to be investigated in much more detail in the next phase of work. The conclusions including recommendations on preferred procurement route will be reported to Cabinet as part of the November report.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Supplementary advice of Strategic Director of Communities Law and Governance

32. The current leisure centre is managed by the Fusion Trust pursuant to a management agreement dated 30 October 2009 and there is a lease of the centre between the Council and Fusion Trust which will expire on 29 October 2016. If the arrangements for the new leisure centre are to be progressed prior to that date, then agreement would need to be reached at that time with Fusion for a surrender of their current lease.
33. Section 2 of the Local Government Act 2000 (“the Act”) gives a local authority powers (“Well Being Powers”) to do anything which they consider is likely to achieve any one or more of the following objects;
- the promotion or improvement of the economic well-being of their area,
 - the promotion or improvement of the social well-being of their area,
 - and the promotion or improvement of the environmental well-being of their area.
34. Section 4 of the Act states that a local authority should have a strategy for promoting or improving the economic, social and environmental well-being of their area and that in modifying or amending their strategy, a local authority;
- must consult and seek the participation of such persons as they consider appropriate, and
 - must have regard to any guidance for the time being issued by the Secretary of State.
35. Further legal advice would need to be sought once the consultation process has been completed and officers have a clear idea of the more detailed project mandate as referred to in this report. It is envisaged that this advice would be given in time for the report in November.

Finance Director

36. The Finance Director notes the options for leisure facilities being considered for the Elephant and Castle area. He also notes that a further report will be submitted to Cabinet in November 2010 and that this report will require a full financial analysis of the proposed option. This will require detail of disposal or acquisition values, construction costs and any ongoing revenue or capital implications.

Supplementary Advice from Director of Environment & Housing

37. Purely from the perspective of sport and leisure provision the Elephant and Castle site has great advantages over the site at Stead Street as it has far greater visibility, excellent transport links and would attract local residents, people who work locally, school children and students from the two Universities. This would mean a centre that had a steady flow of customers throughout the day rather than one which had considerable peaks and troughs of demand and income. Depending on what else was in the area the Elephant & Castle location may allow the facility to house a cafe which would encourage secondary spend creating a small additional income stream for the leisure centre.

38. Again, from the perspective of sport and leisure, the most advantageous mix of services would be those outlined in paragraph 8 of the report. This is the option that includes:

- Six lane, 25 m swimming pool
- Teaching/hydrotherapy pool
- Health Suite (sauna; resistance and cardio training gym; multi-purpose exercise studios)
- Four court sports hall

39. This configuration would result in a facility offering the greatest mix of services. This means that it would be able to serve a wide range of the population as well as providing opportunities to maximise income. The density and variety of population in the area mean that all the services would be well used by children and adults and by local residents and regular visitors (i.e. students and people employed in the area). The local population has lacked a swimming pool for well over a decade and although no formal demand studies have been done for some time even a cursory assessment of the market suggests that the swimming pools would have a considerable potential customer-base in that location. The gym and sports hall at the present centre are well-used despite the very poor state of the building and changing facilities. The provision of the health suite is a key factor in harnessing regular membership and is a core element of any sports facility because it provides regular income and cross-subsidy. The sports hall too, if it is found to be affordable in capital terms, would be well used and supply a regular stream of revenue as well as a much needed service in the area. Sports halls are in great demand by adults and children for a variety of sports at all times of the year and particularly because they are warm, dry and lit during the winter months. There are, however, relatively few large sports halls in the south and central London area to meet this demand.

Reasons for urgency

40. It is considered important that the Cabinet consider options for the provision of leisure facilities at the Elephant and Castle on the same agenda as the RA as some plots originally considered as potential sites for leisure facilities are within the boundary of the Heygate Estate. Any decision to reconsider those sites could therefore have a bearing on the RA report.

Reasons for lateness

41. A technical assessment of the preferred site has been necessary in order to inform the recommendations. This exercise was not completed in time by the Council's appointed consultants to allow the full report to be drafted prior to the stage at which Cabinet papers would have been circulated under normal protocols.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Southwark Plan, Southwark's Sport and Physical Activity Strategy 2009,	Jon Abbott, Director of Elephant & Castle	0207 5254902

Core Strategy, Corporate Plan 2009-11	project team	
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AUDIT TRAIL

Cabinet Member	Cabinet Member for Culture Leisure Sport and the Olympics and the Cabinet Member for Regeneration and Corporate Strategy	
Lead Officer	Eleanor Kelly – Deputy Chief Executive	
Report Author	Jon Abbott – Elephant & Castle Project Director	
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CONSULTATION WITH OTHER OFFICERS / DIRECTORATES		
Officer Title	Comments Sought	Comments included
Strategic Director – Communities, Law & Governance	YES	YES
Finance Director	YES	YES
Director of Environment and Housing	YES	YES
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