

Cabinet 1 August 2022	 TOWER HAMLETS
Report of: James Thomas, Corporate Director of Children and Culture	Classification: Unrestricted
St George's Leisure Centre Investment Update	

Lead Member	Councillor Iqbal Hossain, Cabinet Member for Culture and Recreation Councillor Kabir Ahmed, Cabinet Member for Regeneration, Inclusive Development and Housebuilding
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Wards affected	All Wards
Key Decision?	No
Reason for Key Decision	This report has been reviewed as not meeting the Key Decision criteria.
Forward Plan Notice Published	12 May 2022
Exempt information	None
Strategic Plan Priority / Outcome	This decision will support one or more of the Corporate Priorities as set out in the Strategic Plan 2022-26 which is anticipated to be approved at this meeting

Executive Summary

This report seeks the Mayor's confirmation of the decision to invest in the St George's site to provide improved leisure facilities for residents in the south-west of the borough and seeks approval to provide additional housing alongside a new leisure centre.

It was decided at the Cabinet meeting on 9 February 2022 that a new leisure centre should be constructed on the St George's site to provide a wider range of facilities. £25.163m of capital investment has been included in the medium term financial strategy to meet the costs of delivering this solution in that period, from a total estimated cost of £35m. If the proposal to rebuild St George's is confirmed, the additional funding would need to be allocated in a future iteration of the financial

strategy if the scheme is to proceed.

Representations were made at the 9 February Cabinet meeting by the Friends of St George's, a group of residents and representatives of the Turk's Head Charity, for the existing building to be refurbished not rebuilt. It was agreed that this group could submit its proposals to be reviewed by officers, as set out in the decision below:

In respect of Recommendations 2, 6 and 7 the Mayor agreed for officers to undertake a 'desktop review' (simultaneously with preparation works being undertaken) to consider the value for money of any representations made by 25 March to refurbish as opposed to rebuild the St George's Leisure Centre. A briefing on this work would be presented to the Mayor who will provide an update to a summer Cabinet meeting on whether an alternative course of action was now being considered.

It was proposed at that time that a report would then be prepared for Cabinet either to confirm the decision to rebuild St George's, or to propose that alternative options should be investigated further.

The Friends of St George's submitted their feasibility report on 31 March 2022 (attached as Appendix 1). This proposed providing more facilities than the current building, but considerably less than the Council's new build scheme, at a stated cost of £19m, compared to the £23.4m the Council had already estimated a refurbishment to give the building an extra 20 years' life would cost.

The Group's study was reviewed by officers, with the support of consultants already procured to assist in developing a leisure estate strategy and operating model options in parallel. The subsequent analysis of the Friends' feasibility study identified queries that were discussed with the group at a meeting held on 21 April 2022. The group subsequently responded to these on 6 May 2022.

Officers have completed their review of all the data provided by the Friends of St George's and concluded that the original decision to build a new leisure centre on the St George's site offers the best value for money for the following reasons:

- The refurbishment option does not provide the same range of facilities that a new build would offer (a table comparing the original, refurbishment and new build facilities is set out in paragraph 3.4).
- The refurbishment option would not provide the same quality of facilities in most cases where a direct comparison with the new build option is possible, for example the studios would be considerably smaller than Sport England guidelines. The team that was used is undoubtedly experienced in delivering projects of this scale but does not appear to have any significant leisure experience, which is reflected in some of the solutions proposed that the Council do not consider would be suitable, or even workable (for example, the use of a boom to divide the pool in two to allow diving, which leaves the designated space too small for more than one board at most).
- The costs of the Council's original refurbishment and new build options are based on a robust analysis of the technical and financial risks associated with

this site, based on extensive survey data. In comparison, the Friends' feasibility study is judged to underestimate these challenges. The cost and construction programme for their scheme are, therefore, significantly below what officers and the Council's consultants consider would be required to deliver the refurbishment option. The age of the building and its design and condition create increased risks for such a project, which is reflected in the Council's choice of a 20% contingency budget for a refurbishment scheme, whereas the Friends' feasibility includes only a modest 10%.

- The refurbishment feasibility study also advocated investing in the John Orwell Sports Centre site, which the Council had already committed to do in the 9 February Cabinet report, and providing a lido on Shadwell Basin, which is not a current Council priority.

It is recommended, therefore, that Mayor affirms the existing proposal to build a new leisure centre on the St George's site. In which case officers would proceed to the procurement of a design team to commence the formal development of the new build option, using funding already approved.

Officers have also investigated the opportunity to provide housing as part of the redevelopment of this site and the recommendation below supports this being included in the scope of the redevelopment of the St George's site, alongside a new leisure centre. An initial feasibility study has been completed which has identified several options for new housing that can be co-located on this site at an estimated cost of up to £16m.

In February 2022, the housing capital programme of £411.927m for the delivery of new council homes was approved, which the 30-year HRA Business Plan demonstrates can be afforded.

To enable the delivery of new council homes, alongside a new leisure centre (funded separately), on this site, a budget allocation of up to £16m would be required. A review of the current programme is underway to prioritise schemes for inclusion in the available budget envelope and ensure that this scheme is part of the programme. A contract would not be awarded until it was clear that it can be afforded.

Recommendations:

1. The Mayor in Cabinet is recommended to confirm the building of a new leisure centre on the St George's Leisure Centre site, not a refurbishment. Given that the original funding allocation of £25.163m is not sufficient, a decision on how the shortfall will be funded will be made following a review of the overall capital programme. The totality of the required funding will need to be identified and approved before the procurement phase of the scheme can commence.
2. The Mayor in Cabinet is recommended to confirm that officers should review the current housing programme to ensure that a housing scheme on the St George's Leisure Centre site is part of that programme, based on a funding requirement of up to £16m.

1 REASONS FOR THE DECISIONS

- 1.1 The then Executive Mayor in Cabinet approved the decision to build a new leisure centre on the St George's site at the meeting held on 9 February 2022, subject to a review of the Friends of St George's refurbishment feasibility option. This review has now been completed and it has been concluded that a refurbishment would not deliver the same value for money as a new build solution. Cabinet is, therefore, requested to confirm the original decision.

2 ALTERNATIVE OPTIONS

- 2.1 Cabinet could decide to require the refurbishment option to be explored further, to provide definitive confirmation of its cost and technical viability. This would delay the development of a long term solution for the provision of leisure facilities in the south-west of the borough.
- 2.2 Cabinet could overturn the original decision from 9 February 2022 entirely and seek a further review of the original options considered within the Council's original feasibility study and the business case completed in autumn 2021, or suggest additional options that have not yet been considered. Again, this would delay the development of a long term solution for this area of the borough.

3 DETAILS OF THE REPORT

- 3.1 This report seeks the Mayor's and Cabinet's agreement to the current proposals to build a new full specification leisure centre on the St George's site. The report that was considered at the Cabinet meeting on 9 February 2022 set out the case for selecting that option, based on the Council's own consideration of the options for the St George's site and a feasibility study completed in autumn 2021 by FaulknerBrowns Architects. This concluded that the new build option offered best value for money by providing a greater range and quality of facilities than the existing building could if refurbished,

based on costs taken from comparable projects. It also allowed for housing to be included on the site, should the Council wish to pursue that option.

- 3.2 St George's Leisure Centre has been closed since the start of the first pandemic lockdown on 23 March 2020. Condition surveys completed by expert surveyors in 2019 stated that the building required significant investment to address a range of condition issues, including repairs to the concrete structure and the replacement of most of its mechanical and electrical systems. Officers were considering how these needs could be funded immediately prior to that lockdown, when a decision was put on hold due to uncertainty about how long leisure centres would remain shut due to Covid-19.
- 3.3 Further surveys (completed by expert structural, mechanical, electrical and specialist pool surveyors) were undertaken in 2021 that confirmed the condition of the building and identified further issues that had arisen since the previous reports in 2019. It was estimated in July 2021 that the cost of immediate works to allow the building to reopen and operate safely was £9.9m. To extend its life by a further 5 years would cost an additional £3.5m. To keep it open for up to 20 years would require a further £10m. This total cost of £23.4m compares to a current estimate for a new build of £35m at today's prices. A new building would be expected to be operational for 60 years, with appropriate maintenance.
- 3.4 The decision was taken to investigate how leisure provision in the south-west of the borough could be delivered in the future. Faulkner Browns Architects, a specialist leisure centre design practice, was appointed to complete a feasibility study for investing in either the St George's or John Orwell sites. As set out above, the Council had already considered a refurbishment option for the St George's site to allow it to reopen. The Council's refurbishment option was not recommended for the following reasons:
 - It would not deliver the same quantity of facilities as a new build option, in particular a 4 court sports hall that provides space for many different sports and activities (badminton, netball, indoor hockey, indoor football, basketball, volleyball, table tennis, cricket nets, etc.)
 - It would not provide more studios for group fitness activities. The current studio space at St George's is a converted laundry, which lacks a suitable floor structure and is irregular in shape. The new build option provides 2 purpose-built studios, 70m² in area, that will meet Sport England guidance.
 - The teaching pool in the old building cannot be extended. It is relatively small at 12.6m x 6.1m (compared to a modern standard of 17m x 13m now). This limits the number of children who can learn to swim at one time in the same pool, and its use for other activities.
 - Movable floors could be provided in the pools in a new leisure centre, making them suitable for a wide range of activities, such as diving (with suitable boards in place), water polo, scuba diving practice, etc. The old pool in St George's could not be converted to include a movable floor.

- A new leisure centre would be far more efficient in terms of energy use and staffing. Insulation levels and the addition of renewable energy sources would significantly reduce its energy rating and carbon footprint compared to the existing building. It is noted that the Friends' feasibility study seeks to maximise the amount of renewable energy technology that could in theory be used to run a refurbished building, although this would require further investigation to confirm whether it could be retrofitted successfully. A new build would not have these issues.
- A new build solution would offer a far higher quality offer, with new reception areas and a café (subject to engaging with local residents and users to confirm they would welcome this addition), easier circulation and improved accessibility, including a Changing Places specification toilet.
- A new facility will have a minimum estimated life of 60 years, if maintained appropriately. Although the Friends of St George's state that the existing building could continue to operate for another 50, this is deemed optimistic, with 20 years considered a more realistic maximum additional life. The value for money, therefore, of investing in an older building is poor compared to providing a new high quality, fit for purpose leisure centre.

3.5 Representations were made at that Cabinet meeting by a group called the Friends of St George's in support of refurbishing the existing building. Cabinet agreed to the group submitting its own feasibility study. It was originally proposed it should be submitted by 25 March 2022, based on a brief outline provided by officers (attached as Appendix 4).

3.6 The Friends of St George's subsequently asked for more time to complete their study. It was agreed that it could be submitted on 31 March, which was achieved.

3.7 Their proposal retains the existing building on site. The list below highlights some of the key elements:

- A new build extension is proposed on the northern car park area to create fitness gym and studio space and additional changing rooms. The entrance has been moved to the new build extension.
- The new gym would hold 80 fitness stations, compared to 33 in the existing building, and at least 150 in the Council's new build proposals.
- The two pools are retained in this scheme, and a hydro pool shown in what is currently the entrance area. It is proposed that a movable wall or boom could be used to separate the 33m main pool when required into a 25m lane swimming section, and an 8m section for diving.
- The existing structure would be repaired and cladding to the pool hall replaced, with a 'green wall' wrapping around the building.
- The original basement plant room is retained (the Council's plans moved it to ground level, within the old laundry building at the western end of the site). It is proposed that a new tunnel be dug into the car park, with an access hatch at the end to allow the old plant to be removed (a lift is shown but there is also reference to a pulley system) and new plant to be brought in.

- It is proposed that the mechanical and electrical systems should be replaced by renewable energy wherever possible, including placing photovoltaic panels on the roof of the existing leisure centre.

3.8 The Friends of St George’s feasibility study has been reviewed by officers, the original architects for the Council’s feasibility study, and technical and leisure consultants procured to assist in developing a new leisure estate strategy and operating model. The main issues identified are set out below:

- The feasibility study relies on assumptions that are considered optimistic, such as extending the life of the existing building by another 50 years. The study also assumes the build programme would last only 50 weeks. The Council’s consultants have advised that a programme to refurbish this building on the scale proposed would likely last for at least 75 weeks, with the associated additional costs that would result from a longer programme.
- The proposed refurbishment would not deliver the quality or quantity of provision of a new build leisure centre. The table below shows the current facilities, compared to what would be provided through a new build or refurbishment scheme to demonstrate the difference in quantity:

Facilities	Existing	Refurb option		New Build
Main pool	1 (33m x 6 lane)	1 (25m x 6 lane) + diving (8m x 6 lane) in same pool		1 x 25m x 6 lane
Teaching pool	1 (area = 77m ²)	1 (area = 77m ²)		1 (area = 208m ²)
4 court sports hall	Not applicable	Not applicable		1 (area = 690m ²)
Gym	33 stations	80 stations	460 m ²	150 stations (650 m ²)
Studio	1 (converted)	2		2 (70m ² x 2)
Hydro pool	Not applicable	1 (6m x 5m)		Not applicable
Café	Not applicable	195m ²		255m ²

A more detailed analysis of each option is set out in Appendix 2.

- The included capital cost estimates have been assessed as relatively low at £19m for the refurbishment scheme. The Friends of St George’s has responded to the Council’s queries by stating that it stands by its original costs but has not provided additional detail. The Council’s estimated cost for providing up to 20 years additional life for the existing building (with no improvement in the range of activities it can provide) was £23.4m.
- A number of the design elements appear challenging to deliver technically or at the cost stated in the study, for example:
 - Tunnelling a new access across the existing car park so the current plant room can be reused; this is a key element of the refurbishment proposal, without which it is undeliverable.
 - The proposal to place photovoltaic panels and potentially other plant on the roof may not be possible without costly structural alterations, or at all.
 - Separating the main pool into a 25m and an 8m section to allow diving: the 8m space would be too small to allow for more than one board at most, and possibly none if the boom was wider than 0.5m. The

moveable wall would also be expensive to insert into the existing pool tank (the cost of which the Friends' team estimates to be £50k, while the Council's leisure consultants and architects estimate would cost at least £200k) to provide safe separation of diving and lane swimming.

- Removing the external cladding and windows back to the frame, both to renew them and allow an extension to be added in the north-west of the car park. The Council agrees this is technically feasible, but there is insufficient detail in the study, or the response to the Council's query to that effect, to validate the costs or specific technical solution.
- The study specifies a 10% contingency on a major refurbishment of a 53 year old building where additional surveys would be needed to, in particular, validate the condition of the concrete in key areas of the building. The Council's refurbishment costs, prepared in summer 2021, specified a 20% contingency precisely because of the inherent risks with attempting to restore a building of this vintage and design to an appropriate condition. The 20% figure protects the Council against substantial additional costs that could not reasonably be calculated at this time, but which experience dictates is an essential and prudent estimate. The 10% value is deemed insufficient to protect the Council against the risk of potentially major cost increases.
- It would commit the Council to spending £10m on a lido in Shadwell Basin that would not meet the current leisure strategy, would likely have largely seasonal use, and would make no contribution to reducing the 'dry' facility deficit.

3.9 Providing a new leisure centre would maximise the range and number of facilities that could be provided so benefiting more residents. It would provide a longer design and operational life for the facility, and provide purpose-built facilities to a modern standard that will meet the needs of residents with limited mobility. It will be properly insulated and more energy efficient, including the use of renewables where possible and appropriate. Compared to this, a refurbishment option with an extension is a riskier solution in terms of its price, the length of the works programme, and the ability to make the changes proposed to the existing building. It would not meet the same specification as the Council's new build scheme, so would fail to address the known shortfall in 'dry' leisure facilities in the borough. For these reasons, a new build solution is still proposed as the best option to improve leisure facilities in the south-west of the borough.

3.10 Officers have investigated how to include housing as part of this scheme, to contribute to the Mayor's target of providing 4000 new homes in the Borough in the next four years. Further feasibility work was undertaken to analyse a number of options for including housing on the site and it is proposed to take one forward that would provide approximately 27 units at an estimated cost of up to £16m (subject to further work to confirm the massing and unit mix, and confirming funding). It is currently anticipated that the housing element would be delivered alongside the new leisure centre to provide a holistic site solution that maximises the efficient use of overall space and ensures that both site uses achieve their requisite design and use standards.

- 3.11 To enable the delivery of new council homes, alongside a new leisure centre (funded separately), on this site, a budget allocation of up to £16m would be required. In February 2022, the housing capital programme of £411.927m for the delivery of new council homes was approved, which the 30-year HRA Business Plan demonstrates can be afforded. A review of the current programme is underway to prioritise schemes for inclusion in the available budget envelope and ensure that this scheme is part of the programme. A contract would not be awarded until it was clear that it can be afforded.

4 EQUALITIES IMPLICATIONS

- 4.1 An Equality Impact Assessment was undertaken as part of the approval process for the original Cabinet Report considered at the 9 February meeting. As this report seeks to confirm the original decision to accept the recommendation for a new build leisure centre, it has not been necessary to prepare a new assessment.
- 4.2 The Council's approval process prevents any proposal which amounts to discrimination from being implemented and any project that is likely to lead to differential impact is varied to mitigate the differential impact.

5 OTHER STATUTORY IMPLICATIONS

- 5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:

- Best Value Implications,
- Consultations,
- Environmental (including air quality),
- Risk Management,
- Crime Reduction,
- Safeguarding,
- Data Protection / Privacy Impact Assessment.

5.2 Consultations

The Council undertook a consultation on the overall proposals for the leisure estate strategy and the south-west of the borough in particular, running from 15 November 2021 to 12 January 2022 inclusive. The outputs of that consultation were reported in the original Cabinet Report presented on 9 February 2022. A new consultation has not been completed as this report relates directly and entirely to issues covered by that original consultation.

5.3 Crime Reduction

Under Section 17 of the Crime and Disorder Act 1998, the Council is under a legal duty when exercising its various functions to have due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area, including anti-social behaviour adversely affecting the local environment and the quality of life of residents, the misuse of drugs, alcohol and other substances and re-offending. This will be taken into account in the design development for the new leisure centre.

6 COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 This report seeks approval from Cabinet to confirm the building of a new leisure centre on the St George's Leisure Centre site, with a total estimated cost of £35.0m.
- 6.2 On 2nd March 2022, Full Council approved the inclusion of provision within the capital programme for a new leisure centre at St Georges totalling £25.2m for the period 2022-25, funded through a combination S106 (£4.2m) and CiL (£21.0m) monies. The approval was in recognition that if the proposal to rebuild St George's was confirmed, the additional funding of £9.8m would need to be identified and allocated within the 2025-28 financial strategy as outlined to Cabinet on 9th February 2022.
- 6.3 The Friends of St George's submitted a feasibility report on 31 March 2022, largely focused on refurbishing the existing site and facilities. The proposal includes providing more facilities than the current building, but considerably less than the Council's new build scheme, at a stated cost of £19m, compared to the £23.4m the Council had already estimated a refurbishment to give the building an extra 20 years' life would cost.
- 6.4 Although the refurbishment option could be delivered within the existing provisions allocated within the capital programme, officers have completed their review of all the data provided by the Friends of St George's and concluded that the original decision to build a new leisure centre on the St George's site offers the best value for money.

7 COMMENTS OF LEGAL SERVICES


- 7.1 The legal comments in the previous report as still relevant to this report.
- 7.2 The Council has a legal duty to achieve Best Value in terms of economy efficiency and effectiveness when delivering any of its legal functions. The body of this report identifies the areas the Council considered when developing the current recommendation. In the round these considerations go to the Economy and Efficiency strands of the Best Value Duty and the previous report identifies the consideration of Economy in terms of refurbishment as opposed to rebuild. Therefore, the recommendation shows consideration of the appropriate strands and may therefore be considered rational for the purposes of administrative law.
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Linked Reports, Appendices and Background Documents

Linked Report

- The Council's 2022-23 Budget Report and Medium Term Financial Strategy 2022-25 (approved at Cabinet on 09/02/2022)
- Leisure Estate Investment Plan (Cabinet Report approved on 09/02/2022)

Appendices

- Appendix 1 – Feasibility Study for the Renovation of St George's Leisure Centre, March 2022
- Appendix 2 – Comparison of facilities mix for current, refurbished and new build options for the St George's site
- Appendix 3 – Feasibility Study  [3874-St George and John Orwell Leisure Centres-Feasibility Report-Document-RevC \(1\).pdf](#)
- Appendix 4 – The Council's brief given to the Friends of St George's for the information to be included in their feasibility study

Background Documents – Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012

- NONE

Officer contact details for documents:

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