


Cabinet 11 September 2024	 TOWER HAMLETS
Report of: Simon Baxter, Corporate Director Communities	Classification: Unrestricted
<i>Be Well</i> Leisure In-sourcing Capital Programme Update	

Lead Member	Cllr Kamrul Hussain, Cabinet Member for Culture and Recreation
Originating Officer(s)	Keith Townsend, Programme Director for Leisure Jahur Ali, Director of Culture Tim Clee, Head of Cultural Capital, Projects and Quality Assurance. Simon Jones, Head of Leisure Operations
Wards affected	Mile End, Bethnal Green
Key Decision?	No
Reason for Key Decision	This report has been reviewed as not meeting the Key Decision criteria.
Forward Plan Notice Published	Yes
Exempt information	No
Strategic Plan Priority / Outcome	4. Boosting culture, business, jobs, and leisure 5. Investing in public services

Executive Summary

Following the insourcing of the *Be Well* Leisure Service on 1st May 2024, this report identifies the capital funding required to carry out priority short-term improvements to Mile End Leisure Centre 3G outdoor sports pitches and York Hall Spa both of which provide a significant income contribution to the 10-year revenue model for the service. The report also highlights initial options being developed for future investment in leisure facilities and explains progress to date on developing and delivering a Tower Hamlets Place Based Partnership and PlayZones.

Recommendations

The Mayor in Cabinet is recommended to:

1. Note the requirement to invest in York Hall Spa and Mile End outdoor sports pitches in 2024/25.

2. Note the budgeted income for York Hall Spa and Mile End Leisure Centre outdoor sports pitches is £0.851 million in 2024/25
3. Approve an addition £1.166 million capital funding for 2024/25 for the refurbishment of York Hall Spa to Mile End Leisure Centre outdoor sports pitches.
4. Note the level of approved investment of £3.665 in Leisure Assets Investment Programme as shown in paragraph 3.19.
5. Support the development of options appraisals and feasibility studies for further investment to improve leisure facilities as shown in Table 6 at paragraph 3.22.
6. Notes the progress to developing and delivering a Tower Hamlets Place Based Partnership and PlayZones as shown in paragraphs 3.24 to 3.31.

1 REASONS FOR THE DECISIONS

- 1.1 This report is requesting Cabinet approval for funding to invest in two immediate priority projects to improve the council's leisure facilities: York Hall Spa and Mile End Leisure Centre outdoor sports pitches both of which support the Be Well Leisure Service financial model presented to Cabinet in June 2024. This needs to be agreed by Cabinet given the scale of the investment and to make Cabinet aware of the risks of not completing both projects. Cabinet also needs to be made aware of work underway to develop options for further improvements to the council's leisure facilities.

2 ALTERNATIVE OPTIONS

- 2.1 For the Mile End Leisure Centre outdoor sports pitches, consideration has been given to investigate and apply for external grant funding, e.g. from the Footfall Foundation for a major configuration of an investment in the pitches. At the same time the council could continue to carry out patch repairs to the existing pitch surface, fencing and surrounding kick boards. However, specialist maintenance contactors have advised that the sub-base has reached 'end-of-life' and so patch repairs are not considered viable. Therefore, pitch closures are very likely on the grounds of user-safety. This will impact anticipated income for the council. In addition, there is no guarantee that a grant funding application will be successful, and the council would need to identify match funding to support any application. The lead-in from decision to apply to completion on site is likely to be in the order of 18 months to two years.
- 2.2 The council could decide to not invest the York Hall Spa and leave it closed or investigated alternative uses. Similarly, the council could decide not to invest in Mile End Leisure centre outdoor sports pitches and temporarily close the facility until an alternative investment and project plan was developed. However, this would have a direct impact on the *Be Well* leisure service approved budget by reducing income by £1.1 million p.a.

3 DETAILS OF THE REPORT

York Hall Spa

- 3.1 In 2006 the council decided to create a 680m² thermal spa and treatment facility in the basement at the York Hall centre site. The facility made headline news in London as one of the first locations of its type in a public service setting. Key drivers of the offer are an amazing thermal experience, also high quality, therapy, and beauty treatments to a wide and local community at respectable prices.
- 3.2 GLL operated the spa until the transfer of the service on 1st May 2024. The facility was awarded best public spa by the 'Professional Beauty Awards' in 2009 and has generated significant custom over the past 15 years.
- 3.3 There were concerns, after these years of operation, that the facility was becoming dated, and in significant need of refurbishment and this has been used to as part of the wider communications in relation to the new *Be Well* leisure service.
- 3.4 There is an additional capital funding requirement of £0.490 million and the summary of the capital costs is shown in Table 1 below:

Table 1: York Hall Leisure Centre Spa Capital Cost

Item	Cost (£m)
Refurbishment Cost	0.300
Equipment Replacement	0.155
Contingency @ 7.5%	0.058
Total	0.490

- 3.5 The project has presented as a Project Initiation Document (PID) to the Capital Working Group for consideration in accordance with the council's capital programme governance. Subject to approval, that this will be funded from CIL (£0.409 million) and S106 (£0.081 million).
- 3.6 As part of the revenue model for the *Be Well* leisure service, York Hall Spa is projected to generate significant income based on the investment in the refurbishment of the facility. The income projections for the Spa are shown in Table 2 below.

**Table 2: Income Projections York Hall Spa
2024/25 to 2026/27 (£Ms)**

2024/25	2025/26	2026/27	TOTAL
0.285*	0.725	0.772	2.121

*Assuming 6 months of operation following re-opening.

- 3.7 It should be noted that there is a revenue budget pressure that has been included within the overall forecast for the *Be Well* leisure service due to the closure of the spa for the refurbishment works which are due to be completed in October 2024.

Mile End Leisure Centre Outdoor Pitches

3.8 Mile End Leisure centre has seven 3G Artificial pitches. The pitches were constructed between 2004 and 2012.

The pitches are configured as follows:

- Pitches 1&2, 3&4 and 5&6 which operate as three, 7-a-side pitches or six 5-a-side pitches.
- Pitches 7,8,9 and 10 which operate as four, 5-a-side pitches.

3.9 The pitches generate over £0.5 million of income per annum and 150,000 visits.

3.10 As part of the insourcing of the leisure service, the council was aware pitches needed maintenance prior to the insourcing 'go-live' and identified the need to novate the maintenance contractor previously commissioned by GLL. This contract is in place and provides monthly visits to inspect and carry out any maintenance works required. When the contract was in place, GLL commissioned repairs to the surface to keep the pitches safe and open to customers.

3.11 However, the council was not notified of was the imminent risk of further pitch closures due to pitch surface failures making them unsafe. At the point of transfer one pitch (no.7) had been closed as it was unsafe to play on. The sub-base on which the surface sits had failed and needs to be re-built as part of the refurbishment programme.

3.12 Since then, and following inspections by council officers there was a need to temporarily close of pitches 1&2, 5&6, 8 and 9. During this time, customers who experienced cancellation were contacted and offered refunds and where possible alternative options were offered, including the use of John Orwell Sports Centre and Whitechapel pitches, although capacity at alternative facilities was not sufficient to accommodate all bookings at the same time, especially during peak periods.

3.13 Repairs were completed in June 2024 by the council's specialist contractor and there is procedure in place to monitor, inspect and carry out ad hoc repairs. Except for pitch 7 (5 a side), all pitches are open and available to book

3.14 A feasibility study was commissioned by the Sport and Physical Activity team in October 2023. The report highlighted the poor age-related condition of the pitches and provided an outline scope of works. In summary the works will involve new artificial turf pitches, upgrade of subbase of the older pitches, installation of shock pads, new secure and robust fencing on older pitches and remedial repairs and the upgrade of floodlighting to energy efficient LED lighting.

3.15 The additional benefits of the refurbishment are to:

- Potentially reduce revenue costs pressures through minimising ongoing maintenance and repair requirements and implementing energy efficiency

measures (floodlighting). This will be kept under review should the project proceed.

- Improve quality through subbase work, new surfaces, and fencing.
- Secure ongoing income with a view to increase in programme and diversity and income generating opportunities.

3.16 Consideration had previously been given to the feasibility of replacing the existing 5-a-side and 7-a-side pitches with one larger 11-a-side ‘all weather’ pitch. This alternative option would be problematic due to the significant cost of installation (estimated at £1.5 million), loss of exiting pitches during construction and impact on income generated. However, alternative locations are being investigated in the local area.

3.17 The capital cost for refurbishing the pitches is £0.676 million and the project has been presented as a Project Initiation Document (PID) to the Capital Working Group for consideration in accordance with the council’s capital programme governance. It is proposed that this will be funded from S106 and CIL. The summary of the capital costs is shown in Table 3 below:

Table 3: Mile End Leisure Centre Outdoor Pitch Capital Cost

Item	Cost (£m)
Pitch Surface Replacement Costs	0.375
Replace and Repair Fencing and goals	0.188
LED Lighting	0.040
Maintenance equipment and warranty	0.012
Contingency @ 10%	0.062
Total	0.676

3.18 As part of the revenue model for the *Be Well* leisure service, the outdoor pitches at Mile End Leisure centre are projected to generate significant income based on the investment in the refurbishment of the facility. These are shown in table 4 below:

Table 4: Income Projections Mile End Leisure Centre Outdoor Pitches 2024/25 to 2026/27 (£000s)

2024/25	2025/26	2026/27
0.515	0.533	0.551

Current and Future Leisure Facility Investment

3.19 As part of the insourcing of the leisure facilities, the initial focus for investment is the approved 2024/25 £3.665 Leisure Assets Investment Programme, a summary of which is shown in table 5 below:

Table 5 Leisure Assets Initial Investment Programme 2024/25

Facility	Priority Item (works)	Cost (£000s)
York Hall LC	Pool plant, Boilers, Roof	1,986
Whitechapel SC	Heating & Ventilation system, roof, lighting	108
Tiller LC	Boilers, Roof, Pool plant	93
Poplar Baths & LC	Heating & ventilation system, pool plant	47
Mile End LC & Stadium	Lighting system, heating system, fire alarm system, pool plant, roof, plant room	517
John Orwell SC	Boilers, lighting system, structural works	414
TOTAL WORKS		3,165
TOTAL Cost Incl. Fees		3,665

- 3.20 The council has also approved investment of £39.16 million in January 2023 for the redevelopment of the new St George’s Leisure Centre which will create a flagship swimming and sports offer alongside exciting and flexible new facilities.
- 3.21 Priorities and options for further improvements to the *Be Well* leisure facilities are being developed and informed by a previous resident consultation exercise, customer feedback, facility condition surveys carried out as part of the insourcing of the service. This is alongside the introduction of the free-swimming programme and building on previous initiatives, for example to create women only facilities to encourage and increase the proportion of female users of the leisure facilities.
- 3.22 Table 6 below shows a provisional schedule of improvements that will be developed further as potential future projects subject to the and internal governance for capital projects. It is anticipated that feasibility studies and options appraisals will be developed for consideration as quickly as possible as part of the council’s budget setting process for 2025/26.

Table 6: Provisional Be Well Leisure Facility Improvements Projects

Leisure Facility	Provisional Improvement Project Proposal and Scope
	Feasibility / Options Appraisal / business Case / Project Initiation Document (PID)
Mile End Leisure Centre & Stadium	<ul style="list-style-type: none"> • Refurbishment of existing Sauna, Steam and Spa Facilities • Feasibility of 5G 11-a side football pitch at the venue or in the local area • Creche facilities (including ‘pop up’ facility as part of Free-Swimming Programme)
Whitechapel Leisure Centre	<ul style="list-style-type: none"> • Refurbishment of the currently closed steam room and sauna facility to support enhance service offer • Refurbishment of changing facilities
Poplar Baths & Gym	<ul style="list-style-type: none"> • Creation of women’s only gym facilities in support of enhanced service offer. • Introduction of new creche facilities (including ‘pop up’ facility as part of Free-Swimming Programme) • Development of new retail and reception facilities to improved customer experience.
Tiller Leisure Centre	<ul style="list-style-type: none"> • Introduction of new creche facilities (including ‘pop up’ facility as part of Free-Swimming Programme).

York Hall Leisure Centre & Spa	<ul style="list-style-type: none"> • Creation of flexible gym facilities to enable women only programming
John Orwell Sports Centre	<ul style="list-style-type: none"> • Conversion of an existing store into a new spin studio facility to enhance the current offer.
All leisure facilities	<ul style="list-style-type: none"> • Improvements to centre reception areas to provide better customer welcome and experience and visibility of staff
All leisure facilities	<ul style="list-style-type: none"> • Investment in additional state of the art fitness equipment and explore the use of new technology to support fitness and health activities
All leisure facilities	<ul style="list-style-type: none"> • Investment in new food and beverage facilities and offer including 'grab and go' and vending facilities
All leisure facilities	<ul style="list-style-type: none"> • Investment in new 'pop up' inflatable play and swimming pool facilities to develop a flexible offer for activities for children and families.
All leisure facilities	<ul style="list-style-type: none"> • Investment in internal decoration of leisure facilities to improve 'look and feel' and customer experience
All leisure facilities	<ul style="list-style-type: none"> • Improvements to staff welfare and working facilities to bring them up to modern working standards including improvements to ICT.
All leisure facilities	<ul style="list-style-type: none"> • Upgrade, modernisation and expansion of CCTV coverage, cameras, network and digital recording in accordance and full integration of CCTV into existing council operations.

3.23 There is an opportunity for the council to start to consider and develop a long-term strategy for all of the council's leisure facilities. For example, York Hall is considered to have significant potential considering the building's heritage interest, as the home of British Boxing and its spa facilities. This is supported by its location, adjacent to the recently refurbished Young V&A museum and excellent public transport links. There is also an opportunity to consider how John Orwell Sport Centre could be developed further in the context of potential wider regeneration opportunities in the area. Similarly, there are opportunities to investigate longer-term opportunities for Whitechapel and Tiller Leisure Centres.

Tower Hamlets Placed Based Pilot

3.24 Sport England, the Government's arms-length body responsible for getting more people active across the country, has committed £250 million up until 2028 to work in places with specific needs. This evolved out of 12 national pilot programmes that started in 2016. Tower Hamlets is one of three London boroughs identified for developing a place-based approach due to high levels of need and inequalities.

- 3.25 Tower Hamlets has been working with London Sport (the local active partnership network) to develop and submit a bid to start developing a place-based partnership approach locally to align with one or more of the following outcomes:
- 3.26 There are two stages of the process: the development phase and full award phase. The development phase is for 6 to 12 months, during which the detailed proposal is developed alongside the design of partnership governance processes. The full award phase will be informed by the findings and learning from the developmental phase with an investment through to 2028. The level of investment is anticipated to be c.£3 million
- 3.27 Investment will need to align with one or more of the following outcomes:
- Increasing Activity
 - Reducing Inactivity
 - Positive Experiences for Children and Young People
 - Tackling Inequalities
- 3.28 The council, alongside partners from the community and voluntary sector, sports clubs, health partners, Schools and Early Years Settings submitted a £0.386 million bid for the development phase in June 2024 and it is expected that there will be an announcement in September.

PlayZones

- 3.29 This is a programme to develop new and to refurbish multi-use games area across the borough, funded by Football Foundation. Four sites have successfully progressed to full application phase:
- Stepney Green (new build 5v5 pitch)
 - Chiltern Green (In partnership with Poplar HARCA)
 - Ravenscroft Park
 - Limehouse Youth Club.
- 3.30 The culture capital projects team are currently working on the funding applications for each of the sites and the Football Foundation are commissioning technical feasibility studies for each site ahead of the submission of planning applications. Each site will have a programme of targeted use which will engage local people.
- 3.31 If the applications are all successful, this would result in investment of an estimated £1 million (subject to feasibility studies). This could mean that the schemes could be started to be delivered by the summer of 2025.

4 EQUALITIES IMPLICATIONS

- 4.1 A key consideration for investing in the council's leisure facilities will contribute to reducing health inequalities because of increasing physical activity and wellbeing of residents.

5 OTHER STATUTORY IMPLICATIONS

Best Value Implications

- 5.1 The improvement works for York Hall Spa were procured using the PAGABO framework for Medium Construction Works which involves an 'open book' approach to ensure value for money. This involved a direct award of the contract via the Framework. This is in addition to negotiations by officers which achieved genuine cost reductions. The rationale for this approach was to allow the contract to be awarded relatively quickly to minimise the loss of income for the new service. This contract has been awarded to Borrás.
- 5.2 The refurbishment of the Pitches at Mile End will go through level 5 procurement process. A Procurement Initiation Form (PIF) will need to be completed along with Cabinet approval and a tender process will be managed by the corporate procurement service through the e-tendering system.
- 5.3 The development of the Tower Hamlet Based Partnership has the potential to secure an estimated £3 million of external grant funding.

Consultation

- 5.4 A consultation exercise completed in 2022 as part of the decision to insource the leisure service indicated that more than half of respondents disagreed that the current facilities met their needs. Therefore, the proposed improvements are likely to have a positive impact customer perception of the leisure facilities.

Environmental (including air quality)

- 5.5 The outdoor sport pitches will be more energy efficient following the installation of low-energy LED lighting.

Risk Management

- 5.6 The risks that have been identified in the relation to the investment in York Hall Spa and Mile end Leisure Centre outdoor sports pitches are:
 - Closure of the Mile End Leisure Centre outdoor sports pitches due to surface failure and safety risk to customer leading to customer complaints and reputational damage
 - Extended closure of York Hall Spa resulting in reputational damage of the *Be Well* leisure brand and the council
 - Closure of facilities resulting in loss of income of £1.1 million p.a.

6 COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 This report is seeking approval for £1.166 million capital funding for 2024/25 for the refurbishment of York Hall Spa (£0.490 million) and Mile End Leisure Centre outdoor sports pitches (£0.676 million). This investment is on top of the £3.665 million leisure asset investment programme that has already been approved. It is proposed to fund York Hall Spa capital investment from a mix of CIL (£0.408

million) and s106 (£0.082 million) and Mile End Leisure Centre outdoor sports pitches from a mix of CIL (£0.458 million) and s106 (£0.218 million) monies that have been received and available for allocation to these projects. There is no borrowing requirement from this capital investment.

- 6.2 There are revenue implications arising from approving this capital investment at both sites. Whilst the works are being undertaken at York Hall Spa, the facilities will close and there will be a loss of income. This will be a revenue budget pressure in the current financial year, estimates being £0.2 million which were reported within the Q1 budget monitoring report.
- 6.3 There will be longer term revenue benefits from undertaking these works. Repairs and maintenance costs should reduce and the improved facilities are anticipated to generate additional income. Estimates for income at York Hall Spa (at Q1) are £0.424 million in 2024/25, increasing to £0.725 million in 2025/26 and £0.772 million in 2026/27. This compares with a budget of £0.624 million in the current year.
- 6.4 There are also revenue benefits from the refurbishment of the football pitches at Mile End Leisure Centre, with estimated income levels of £0.5m per annum over the next three years. These income forecasts are deemed robust but will be monitored over the months ahead and reported as part of the budget monitoring process.

7 COMMENTS OF LEGAL SERVICES

- 7.1 This report does not give rise to any particular legal implications. The Council does not have to provide leisure facilities under its statutory duties, however, with its remit for social value, the Council will be mindful of the economic, social and environmental well-being of its community and area.
- 7.2 The Council has a General Power of Competence which grants the power to “do anything that individuals may generally do” to local authorities and other certain bodies. The relevant legislation can be found in sections 1-8 of the Localism Act 2011 (the ‘Act’), in particular s.1 (1) of the Act. The General Power of Competence (‘the Power’) covers the intended outcomes within this report. There are certain exceptions to the Power, which is subject to Public Law Principles, but these do not apply in this instance.

Linked Reports, Appendices and Background Documents

Linked Report

NONE.

Appendices

NONE