

<b>Contains Confidential or Exempt Information</b>	<b>No</b>
<b>Title</b>	Replacement of Gurnell Leisure Centre
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<b>For Consideration By</b>	Cabinet
<b>Date to be Considered</b>	22 February 2023
<b>Implementation Date if Not Called In</b>	7 March 2023
<b>Affected Wards</b>	Pitshanger
<b>Keywords/Index</b>	Gurnell Leisure Centre, Swimming, Housing, 50m, Re-Development

**Purpose of Report:**

To provide an update to Cabinet on progress towards replacing Gurnell Leisure Centre to deliver new, state of the art leisure facilities in line with the Council Plan 2022-2026. Seeks Cabinet approval to apply for planning permission for a replacement leisure centre as part of a mixed use scheme informed by the Feasibility Study included with this report and to establish a budget to facilitate this. On the basis of the existing leisure centre building being at end of life, this report seeks Cabinet approval to progress with demolition. This report also seeks Cabinet approval to undertake a review of procurement strategies and to undertake marketing exercises.

**1. Recommendations for DECISION**

It is recommended that Cabinet

- 1.1. Authorises the Strategic Director of Economy and Sustainability to commission further design work for a mixed-use development at the Gurnell site based upon the 'Optimised 1' leisure brief and Site Arrangement 1, as described in the Feasibility Study included at Appendix 1 to this report and further informed by the optimised Site Strategy contained within the Feasibility Study Plus addendum to the Feasibility Study. Further authorises the Strategic Director of Economy and Sustainability, following consultation with the Portfolio Holders, to seek planning permission for a mixed-use proposal to include a new

build replacement leisure centre with a suitable and planning compliant level of enabling residential development which is anticipated to be in the order of 200-300 units in total;

- 1.2.
  - a. Agrees with the professional advice contained within the Feasibility Study included at Appendix 1 to this report, inclusive of a reuse appraisal, which evidences that the existing Leisure Centre building is unsuitable for refurbishment and is beyond economical repair;
  - b. Further agrees that the existing Leisure Centre building should be demolished at the earliest opportunity on the basis of it having no continuing value or opportunity for reuse;
  - c. Authorises the Strategic Director of Economy and Sustainability to take all steps to arrange for demolition of the building, including securing any necessary consents and undertaking a tender process to appoint a demolition contractor and to award a contract and instruct demolition works to proceed
- 1.3.
  - a. Authorises the Strategic Director of Economy and Sustainability to commission a detailed analysis of procurement routes to realise a replacement scheme, considering appropriate routes to secure both leisure and residential elements of the proposal.
  - b. Delegates authority to the Strategic Director of Economy and Sustainability, following consultation with the Portfolio Holders, to implement procurement processes and market engagement in line with the outcome of this analysis;
- 1.4. Agrees to expenditure of £2.5m for the activities described at recommendations 1.1 – 1.3 above to be funded from the existing capital programme; and
- 1.5. Agrees that, subject to the proposals receiving planning permission and the successful conclusion of any procurement exercise(s), Cabinet will receive further recommendations on the next steps for the project, including an overall funding strategy informed through further market testing.
- 1.6. Agrees that the Council should continue to engage and consult via the Gurnell Sounding Board through the next phase of the project.

## **2. Recommendations for NOTING**

It is recommended that Cabinet:

- 2.1. Notes the summary of the outcome of the 'Gurnell – Leisure for All' online survey which sought views from the public on future plans for Gurnell Leisure Centre, carried out between March and May 2022, and summarised at Appendix 2 to this report;
- 2.2. Notes that a Sounding Board has been established for the Gurnell Leisure Centre project which has met on several occasions throughout

2022 and which has informed the recommendations contained in this report. Notes the summary report with appendices as submitted by the Independent Chair of the Sounding Board for consideration by Cabinet and contained at Appendix 3 to this report;

- 2.3. Notes the findings of a Feasibility Study, inclusive of an additional Feasibility Plus addendum to the original study, which has been commissioned to consider options for the replacement of Gurnell Leisure Centre as summarised in this report and as provided in full at Appendix 1;
- 2.4. Notes that a new build replacement Leisure Centre, based upon meeting an optimised brief as generated through the Feasibility Study, would be anticipated to require capital expenditure in the order of £45m to deliver.

### **3. Reason for Decision and Options Considered**

- 3.1. Gurnell Leisure Centre has historically formed a core part of the Council's strategic leisure provision. A redeveloped centre would be a major contributor towards achieving a surplus generating leisure provision, in part based upon the existing centre providing the largest learn to swim programme in London prior to its closure. The existing facility, which closed at the outset of the Covid-19 pandemic and which remains closed at this time, includes the borough's only 50m pool and is one of only a small number in London, which has been the home of Ealing Swimming Club, the largest swimming club in the country with over 1,650 members.
- 3.2. The proposed redevelopment of Gurnell Leisure Centre features in both the Council Plan 2022-26 and also is referenced throughout the Council's draft Indoor and Outdoor Sports Facility Strategy and Action Plan 2022 – 2031, with regards to a 50m and learner pool provision, to meet current and future demand. Numerous reports on the project have been approved by Cabinet from 2015 to the present and the recent history of the project is summarised below.
- 3.3. In 2015, a comprehensive assessment of potential external grant funding opportunities was explored however it was noted that there were no current opportunities to fund such projects via Sports England or wider grant funding programmes. It was therefore agreed that the Council should seek to realise a new leisure centre scheme in part funded by enabling residential development.
- 3.4. Cabinet took the decision in March 2015 for the Council to engage Willmott Dixon, via the SCAPE framework, to consider the feasibility of the long-term replacement of Gurnell Leisure Centre. Subsequent reports were taken to Cabinet updating on the design and legal aspects of the scheme. In May 2016, Cabinet approved an allocation of £12.5m as a contribution towards the project, to be funded from mainstream

borrowing, to support the fitout of the leisure centre following an increase in projected costs.

- 3.5. In September 2019, Cabinet received a further update on the Gurnell scheme and approved the principle of amending the existing agreement with the then developer which would facilitate the Council directly delivering part of the scheme. Cabinet additionally noted that the designs for the scheme were sufficiently progressed to enable a planning application to be submitted.
- 3.6. The existing centre closed at the outset of the Covid-19 pandemic in March 2020. In July 2020, Cabinet agreed to not re-open Gurnell Leisure Centre after Covid-19 restrictions were lifted on the grounds of it being economically unsustainable to do so and in anticipation of proceeding with a replacement scheme. In April 2021, a planning application for a mixed-use scheme developed in partnership with Be:Here Ealing Ltd was refused permission by the planning committee leading to the abandonment that scheme.
- 3.7. The Council Plan 2022-2026 includes a continued commitment to “deliver new, state of the art leisure facilities at Gurnell” and, in pursuit of this objective, a new architect-led Feasibility Study was commissioned in April 2022 to consider future options for Gurnell and forms the basis of the recommendations contained within this report.
- 3.8. In parallel with commissioning the Feasibility Study, the Council carried out an online survey between March and May 2022 to seek residents’ views on future plans for Gurnell. There was a high level of participation in this survey with 1,913 responses received. A detailed summary of the results of this survey are included at Appendix 2 to this report which includes the following key findings:
  - Gurnell Leisure Centre used to play a key role in people’s active and healthy lifestyle, including opportunities for socialising with friends and family
  - Many say they are disappointed with Gurnell’s closure, and ask to re-open/re-develop the centre as soon as possible
  - Most of the respondents attended Gurnell for swimming, but also gym and fitness classes. This is also reflected in water and fitness activities being the most desired facilities for the future centre
  - There are requests to keep the green space and expand outdoor activities
  - There are suggestions to expand leisure facilities further to increase options (shops & restaurants, BMX track & skate park, children’s playgrounds, multiple sports facilities)
  - Although just over a quarter used to walk or cycle to Gurnell, more than two in five want to do so in the future
  - A third want mixed-use development to pay for the new site, and less than one in five would accept an increase in Council Tax

- 3.9. As part of establishing a fresh approach to the project, a Gurnell Sounding Board has been established to engage with interested parties and stakeholders on plans to replace Gurnell as these are developed. An independent Chair has been appointed to oversee the Sounding Board and there have been 4 sessions held to date.
- 3.10. The Chair has provided a summary report on the key matters arising from the Sounding Board sessions and his full report is attached at Appendix 2. This notes the following areas where a broad consensus has been expressed by the Sounding Board membership:
1. *That there is a continuing need for a community Leisure Centre in this location*
  2. *That the existing Leisure Centre building is at end of life and refurbishment would not be financially feasible nor sustainable over the long term*
- 3.11. The Chair's report goes on to summarise a series of concerns as expressed by members of the Sounding Board noting that the single largest concern *relates to the inclusion of residential development within the scheme and the claim by the Council, refuted by some on the Sounding Board, that this is necessary to be able to support the costs of replacing the leisure centre. There is a strong opposition to any form of tower blocks which would be reminiscent of the previous Ecoworld scheme with some holding the strong view that there should be no residential development whatsoever and that the Council should look to other means of raising the capital funding to replace Gurnell*
- 3.12. *A separate concern, which would be exacerbated by the inclusion of residential development within the scheme, is around the impact of any development on Metropolitan Open Land inclusive of ecological impact and development in the flood plain, with some holding the strong view that the development should be no larger than the existing facility in terms of footprint and massing*
- 3.13. *A further concern, linked to each of the above, was the scope/specification and size of a replacement leisure centre and the costs of replacement with a view that the brief should be based upon a 'like for like' facility rather than an enhancement on the existing Gurnell Leisure Centre.*
- 3.14. The Chair's report goes on to pose several questions for the Council to consider in reaching a decision on the future for the project
1. *Is the Council in a position to fully fund the replacement leisure centre through means other than residential enabling development, including through the use of Section 106 monies and other sources of grant funding, as well as direct Council funding, which would avoid the need to include residential development in the scheme?*

2. *Is the Council satisfied that the 'Optimised 1' brief for the replacement facility which the architect team recommends would offer an appropriate mix to meet need or should this scope be further reduced to bring down the size and cost of the replacement facility?*
  3. *Is the Council satisfied that the 'Optimised 1' brief will not adversely affect other businesses in the area including for example private gyms / health and fitness clubs?*
  4. *Subject to the Council's position on the above questions, is there a cost threshold below which the need for residential enabling development could be avoided? It is suggested by the architect that the scheme costs for a 'like for like' replacement would be circa £28m. Would this scheme for example be affordable without a requirement for residential development?*
- 3.15. Section 4 of this report provides a summary of the conclusions arising from the Feasibility Study and presents further information on the questions raised by the Chair in his summary.

#### **4. Key Implications**

- 4.1. In February 2022, a tendering exercise was undertaken and quotes were invited for a commissioned Feasibility Study to consider options for the replacement of Gurnell Leisure Centre.
- 4.2. The brief confirmed that the scope of the Study should include consideration of refurbishment and/or major remodelling of the existing leisure centre and the merits of this against a full rebuild. The Study was also required to consider the opportunities and risks of including enabling residential development within the scheme which was anticipated to be required to fund a new (or renovated) Leisure Centre.
- 4.3. The brief further made clear that the key priority and driver for the project was to facilitate new leisure provision and that the appointed consultant should demonstrate relevant experience on leisure centre projects, preferably as part of mixed use development.
- 4.4. In March 2022, following a review of quotations received, a consortium led by Mikhail Riches architects were appointed to carry out a Feasibility Study on the project. A full copy of the completed Feasibility Study is included at Appendix 1 to this report and the findings from the Study are summarised further below.

#### **Reuse Appraisal of the Existing Leisure Centre Building**

- 4.5. Section 3.2 of the Feasibility Study provides a reuse appraisal of the existing Gurnell Leisure Centre building as carried out by Expedition Engineering. This appraisal considers the merits of reopening the centre either in the current building as is (as a hypothetical given the

backlog investment required to reopen) or following a deep retrofit, and compares each of these scenarios to a full replacement applying a 'like for like' reference area. These scenarios are assessed relative to one another in terms of their functionality, cost, delivery and carbon impact. The appraisal further considers:

- The embodied carbon required to deliver a redevelopment proposal (with the high-level principle that the more which can be re-used, the lower the impact)
  - The ability of each option to deliver a highly efficient building that reduces operational carbon over the building life
  - High-level technical feasibility and viability of each option, particularly with regard to cost and programme.
- 4.6. The appraisal confirms that the existing building, with its exposed concrete structure, poses significant technical barriers to an energy efficient, net zero aligned, retrofit. The Study sets out the carbon consumption of the existing building which consumes in the order of 1,385 Tonnes of CO<sub>2</sub> per year which is almost entirely due to the gas usage of the building. It is suggested that a fabric upgrade of the existing building to EPC 'C' rating could improve the building's performance by circa 29% however the existing building would continue to have a substantial carbon footprint of 930 Tonnes of CO<sub>2</sub> per year.
- 4.7. The appraisal notes that retrofit proposals that improve the fabric and replace the services for an all-electric heat pump system could achieve between 30-90% in carbon savings, dependent on the level of fabric improvement achieved. It is expected however that a saving of ~75% would represent a 'best achievable' given the constraints of the existing building suggesting that a deep retrofit would have a carbon footprint of 330 Tonnes of CO<sub>2</sub> per year.
- 4.8. The deep retrofit scenario represents an extensive refurbishment to bring the building up to modern environmental standards and assumes that the following measures would be necessary:
- Strip back the roof and cladding to the existing frame and replace with improved fabric
  - Replace the entire mechanical, electrical and plant systems with an electric system
  - Insulate internally to the retained concrete areas
  - Targeted demolition and replacement to improve accessibility and connectivity
- 4.9. Due to the complexity of the work involved in carrying out a deep retrofit, the appraisal does not provide a detailed cost estimate for this however notes that the scope of a deep retrofit would 'go some way beyond the £18m scope of works' which was the estimated cost provided to the Council in 2021, which itself would not have significantly improved the building's energy and carbon performance. The appraisal

further notes that it is therefore expected that costs for such a retrofit would be similar to that of a new build construction and with a minimal saving in construction duration; in effect for the omission of new foundation works only.

- 4.10. Cabinet should note that the survey and ‘£18m scope of works’ referenced in the Reuse Appraisal relate to a cost estimate for refurbishment of the existing Leisure Centre building commissioned by the Council in 2021. This estimate was derived from a condition survey carried out by a professional cost consultant and was based upon carrying out refurbishment works to the existing building to bring it back into an operational state. This estimate would not include for the ‘deep retrofit’ / upgrade works which would be needed to improve the building envelope and environmental performance and which the architect indicates would require capital investment at levels comparable to a full rebuild. Other relevant factors concerning the limitations of refurbishment are outlined further below.
- 4.11. The appraisal indicates that a ‘business as usual’ new build leisure centre would achieve a 75% carbon reduction by 2030, and a more environmentally ambitious building would achieve further savings, of around 95% for a passively designed centre and potentially up to 97% in a truly Passivhaus design with a carbon footprint of 35 Tonnes of CO2 per year (excluding any embodied carbon arising through demolition/replacement of the existing building).
- 4.12. The reuse appraisal presents a 15 year whole lifecycle carbon footprint for each of the three scenarios which is summarised in Figure 1.

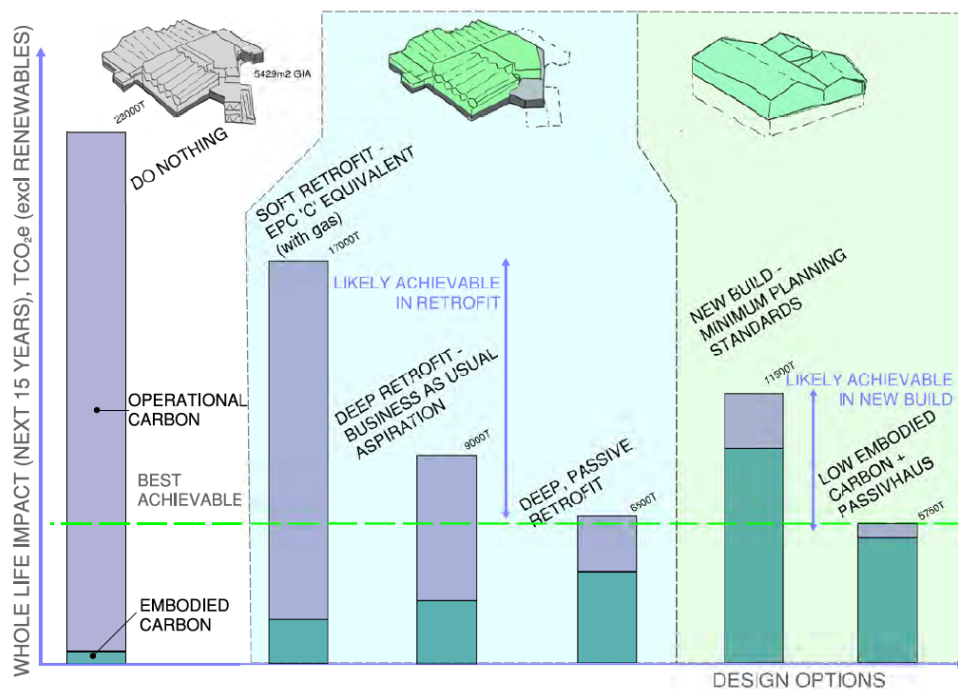
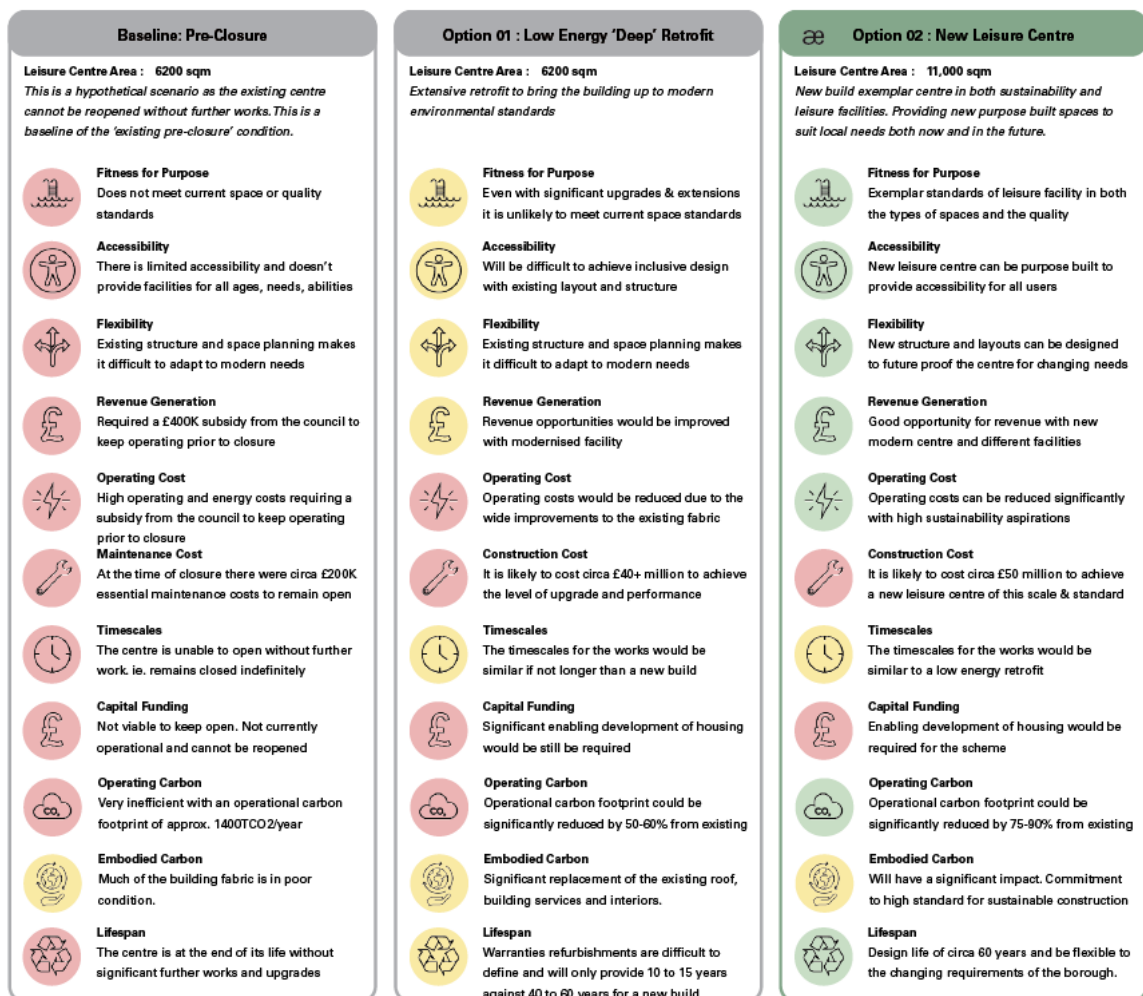


Figure 1 - Whole Lifecycle Carbon consumption for re-use, retrofit and rebuild



- 4.13. The appraisal notes that the new build option provides the greatest opportunity to reduce the operational energy and carbon consumption, however recognises that the embodied carbon impact of this scenario will necessarily be higher due it requiring the demolition of the existing building for a new build replacement. The appraisal indicates that the carbon impact of a new build centre when in operation, relative to the existing building, would significantly offset the embodied carbon through demolition and replacement when evaluated over a 15 year period. The gap in carbon footprint between the existing versus a replacement building would be further widened when considered over a longer operational period, noting that a new build facility would be expected to have a design life of up to 60 years.
- 4.14. The appraisal provides a summary comparison of the baseline pre-closure, low energy deep retrofit and new build replacement options against a range of criteria as shown in Figure 2. This includes an assessment of each option relative to one another for fitness for purpose, accessibility, flexibility, revenue generating potential, operating cost, construction cost, delivery timescales, operating carbon, embodied carbon and lifespan. The summary comparison indicates that the new build replacement option is favourable across the majority of criteria considered.

Figure 2 - Reuse Key Considerations



- 4.15. The reuse appraisal concludes with a recommendation for a new build replacement leisure centre in favour of pursuing a low energy deep retrofit. It notes that whilst the short term cost and loss of the operational leisure centre are deeply felt at this point, a new build leisure centre will be able to be enjoyed for many generations to come in a way that is robust, adaptable, and ready to meet the climate and energy challenges that lay ahead.
- 4.16. Cabinet is asked to endorse the conclusion of the reuse appraisal, which is further supported by the Sounding Board as referenced in the Chair's summary, and accordingly to agree that a replacement leisure centre should be pursued in favour of continuing use of the existing building through its refurbishment / retrofit. Subject to Cabinet agreeing to this being the case, approval is further sought to proceed in arranging for demolition of the existing building at the earliest opportunity on the basis of it having no continuing value to be retained.

### **Brief for a replacement Leisure Centre**

- 4.17. Section 5 of the Feasibility Study outlines the process undertaken by the consultant team to establish a recommended brief for a replacement leisure facility. It confirms that a range of consultation and research activities have been carried out in order to inform the recommended brief for a new facility which include:
- A vision workshop with the Gurnell Sounding Board membership and other key stakeholders
  - Other targeted stakeholder engagement sessions including with the borough's leisure service
  - Visits to other reference leisure centres across the country
  - A visit to the existing Gurnell building to review its existing layout and to inform the reuse appraisal
  - Review of the findings of the Council's online survey as referenced earlier in this report
  - Peer review including of the previous leisure design within the Ecoworld scheme
  - Demand analysis
  - Business case assessment
- 4.18. The activities summarised above have contributed to the development of a Feasibility option and several comparator options for a replacement leisure centre. These options are summarised in the table below.
- 4.19. Table 1 presents five options for the leisure centre brief which have been developed by the architect team during the course of the Feasibility Study and for comparison purposes presents the relative size (floor area), construction cost and anticipated revenue generating

potential for each. It also provides a commentary on the relative impact of the options in relation to club, community, leisure and flexibility.

		Feasibility	Existing Facility	Business Case	Optimised 1	Optimised 2
Area (sqm)		11505	5564	9681	8499	7393
Construction Cost		£54.4m	£28.0m	£46.1m	£39.4m	£35.9m
Revenue (gross)		£5,269,442	£3,014,016	£5,064,485	£4,918,233	£4,691,387
Revenue (net)		£836,930	£84,617	£827,160	£888,258	£827,209
Impact						
Club	Wet	Good	Not Satisfactory	Good	Good	Good
	Dry	Good	Not Satisfactory	Not Satisfactory	Satisfactory	Satisfactory
Community	Wet	Good	Satisfactory	Good	Good	Good
	Dry	Good	Not Satisfactory	Good	Good	Satisfactory
Leisure	Wet	Good	Satisfactory	Good	Good	Satisfactory
	Dry	Good	Not Satisfactory	Satisfactory	Good	Satisfactory
Flexibility	Wet	Good	Satisfactory	Good	Good	Good
	Dry	Satisfactory	Not Satisfactory	Satisfactory	Good	Satisfactory
Summary		<ul style="list-style-type: none"> <li>In comparison to the existing facility there is an increased level of flexibility as the wide range of spaces can accommodate various uses and future proofing</li> <li>Community offer is high - catering for a wide demographic of ages and interests with soft play, meeting rooms and library</li> <li>Catering for increased level of 'club' sport with 50m pool and sports hall</li> <li>Dry and wet leisure is maximised with leisure pool, fitness suite, studios and additional spaces such as clip and climb, cafe and spa.</li> </ul>	<ul style="list-style-type: none"> <li>The existing facility provides some flexibility within the wet side however the dry side is significantly limited</li> <li>The main pool and leisure pool provide good community facilities. Again the dry side is limited</li> <li>Potential for club sport within the 50m pool, however the lack of sports hall and large studio spaces reduces the opportunity for elite dry sports</li> <li>Leisure is also targeted at the wet side with a larger offer compared to the dry side</li> </ul>	<ul style="list-style-type: none"> <li>Reduced level of flexibility mainly on the dry side due to the loss of studio 3 and sports hall</li> <li>Community offer remains high, however lack of large studio reduces potential for community events</li> <li>Opportunity for 'club' dry sports is significantly reduced due to omission of sports hall and large studio</li> <li>Dry and wet leisure remain high through retaining the leisure pool, fitness suite, studios and additional spaces such as clip and climb, cafe and spa.</li> </ul>	<ul style="list-style-type: none"> <li>Flexibility has increased based on the inclusion of the large studio - providing a space for a variety of sports and community events.</li> <li>Community offer remains high for both dry and wet despite some of the spaces reducing in area the overall offer is retained</li> <li>Loss of the sports hall and reduced fitness suite impacts dry sports space for clubs. Addition of large studio assists, however wet club sports remain high</li> <li>Leisure wet/ dry, whilst both reduced, remains a good offer.</li> </ul>	<ul style="list-style-type: none"> <li>Flexibility remains high with the inclusion of a flexible community space</li> <li>Community offer is reduced significantly for dry leisure with the reduced fitness suite</li> <li>Elite wet sport remains high with minimal reductions to the wet leisure offer. Dry elite spaces remain low with the omission of the sports hall</li> <li>Leisure for wet is reduced by the omission of the spa and significantly reduced for the dry side with a number of community and leisure spaces omitted</li> </ul>

Table 1 – Leisure Brief options

4.20. Further detail on each option, including the facility mix, can be located in section 5.3 of the Feasibility Study document. It should be noted that the Construction Cost estimates represent the costs of the leisure centre building only, with some allowance for limited external works. These costs should be regarded as estimates and exclude additional anticipated costs. The cost estimates therefore do not reflect the gross costs of delivery but are provided to inform a comparison between each of the options. The actual costs of replacing the leisure centre would be determined following further procurement and market testing activity.

- The 'Club' slider communicates how the facility caters to sporting clubs and their members. The 50m pool, sports hall and studio spaces have the largest impact on this slider.
- The 'Community' slider communicates how the facility caters to the local community. All aspects of the facility mix have an impact on this slider as community users cover the widest range of activities. However key spaces are the main pool, learner pool, fitness suite, studios, play spaces and cafe.
- The 'Leisure' slider communicates how the facility caters for leisure users. The leisure pool, spa, and play facilities have the largest impact on this slider.
- The 'Flexibility' slider communicates how flexible the facility is. For example, how many of the spaces provided can be used for multiple activities and users. Total activities covered is also taken into account.

- 4.21. The *Feasibility* option represents the most aspirational proposal in terms of the leisure offer and accordingly is the largest option and would be the most costly to build at circa £54.4m. It includes for example a 4 court sports hall which has been omitted in subsequent iterations. It is representative of the most ambitious proposal and would be at the upper end of the cost range of options considered.
- 4.22. The *Existing Facility* option represents a 'like for like' with the current Gurnell leisure centre. This option has been generated as a baseline in order to give an indication of the likely costs of rebuilding Gurnell with a similar offer to the existing centre, indicated at circa £28m. It is representative of the lower end of the cost range of options considered.
- 4.23. The *Business Case, Optimised 1* and *Optimised 2* options are each further refinements of the *Feasibility* option where areas in that option have been either reduced in size or have been omitted entirely following further consideration and discussion. The *Feasibility* and *Business Case* options were both presented at the third meeting of the Sounding Board and, based upon feedback received, two further options *Optimised 1* and *Optimised 2* were developed and presented to the fourth meeting of the Sounding Board.
- 4.24. As noted in the analysis, *Optimised 1* is indicated as providing the strongest balance between size and cost on the one hand and responding to identified leisure need on the other. It is considered to score well against the evaluation criteria and also would be anticipated to have a similar opportunity to generate revenue when compared to the more ambitious and costly *Feasibility* option. On this basis, Cabinet is asked to endorse the principle of proceeding with the *Optimised 1* option and to take this option forward as the preferred brief for a replacement leisure centre, noting that the designs will be subject to change and further refinement as the scheme is further developed.

### **Capital funding and residential enabling development**

- 4.25. Two key findings and recommendations arising from the Feasibility Study and as summarised earlier in this report are as follows:
1. A reuse appraisal of the existing leisure centre building has concluded that it is not suitable for refurbishment/renovation and a new build replacement would be favoured when evaluated across multiple criteria including offering greater flexibility, addressing strategic leisure need, providing value for money and environmental sustainability; and
  2. A review of requirements for a replacement leisure centre has generated an optimised brief which is estimated to require £39.4m in capital funding to build. Taking into account potential additional costs not contained within the build assumptions and contingency, a prudent estimate at this stage for the costs of delivering a replacement leisure centre project at this brief would be indicated at circa £45m.

- 4.26. The Feasibility Study summarises at Section 6 the potential funding sources which might be secured to meet the costs of replacing the leisure centre and these are presented in the illustrative pie chart shown at Figure 3.

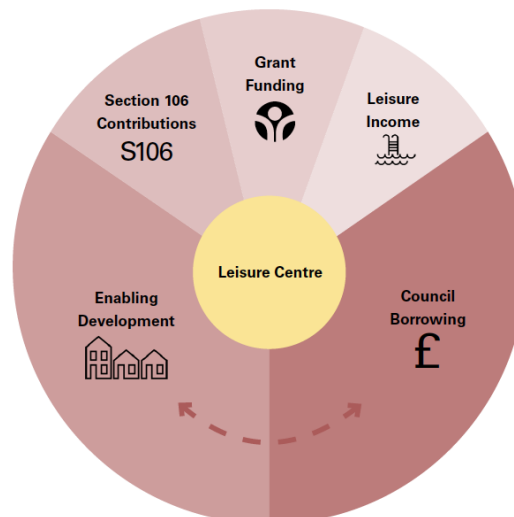


Figure 3 - Potential Capital Funding sources

- 4.27. External grant funding, Section 106 / CIL funding and capitalising against the future income generation of the facility are all valuable ways of contributing towards the costs of replacing the leisure centre. However, these alone will not be sufficient to fund its full replacement. It should be further noted that these funding sources alone would also not be sufficient to meet the costs of a replacement facility at the lowest identified cost based upon the *existing facility* option.
- 4.28. As noted earlier in this report, a 'like for like' replacement of the existing facility would be anticipated to require £28m in capital funding to deliver and would be projected to generate less revenue over its life thereby reducing the ability of the leisure centre to contribute to its build costs during operation.
- 4.29. At this early stage of the process and, even on the assumption of a minimum level of cost of a replacement leisure centre, it is necessary to consider the inclusion of residential enabling development as part of a mixed-use scheme, which was the approach taken for the previous scheme. After deducting all other funding sources, any remaining shortfall required to meet the costs of replacing the facility would necessarily be funded via Council borrowing. Any capital receipt yielded through sale of residential enabling development will reduce the call on Council borrowing.
- 4.30. On the basis that any capital receipt generated through residential enabling development would offset costs which would otherwise necessarily be funded through Council borrowing, Cabinet is asked to support the principle of including an enabling component within the scheme as a means of contributing towards the costs of replacing the

Leisure Centre, provided that this remains compliant with relevant planning policy and on the presumption that this would include an affordable housing component which would be between 35-50% of the total number of units. This would be only on the basis that the minimum necessary enabling development would be proposed to ensure delivery of the scheme. The exact amount of enabling development that may be required will only be identified once other sources of funding and more detailed costings have been identified. Section 2 of the Feasibility Study summarises the planning considerations for the site including implications for development on Metropolitan Open Land.

### Masterplan and recommended site arrangement

- 4.31. The brief for the Feasibility Study included a requirement for the architect team to consider the opportunities, challenges and implications of including residential enabling development in the scheme as a means of generating capital funding to support the costs of delivering a new leisure centre. Section 6 of the Feasibility Study outlines the masterplan considerations which have been made and includes an assessment of three broad masterplan options which have subsequently been revised to two options ('Site Approach 1' and 'Site Approach 3') as shown in Figure 4. As noted in the Study, 'Site Approach 2' was considered and ruled out relatively early in the analysis and hence is not referred to further in this report.



Figure 4 - site arrangement options

- 4.32. As part of their brief, the architect has considered the implications of including up to 500 residential units under each option, although it should be noted that this unit number has been set as a benchmark for the purposes of informing the Study to reach a recommendation on a masterplan. The actual number of residential units which might be proposed would be determined at a later design stage once a masterplan arrangement has been determined.

- 4.33. Site approach 1 examines the benefits and drawbacks of a site strategy which sites the leisure uses in its existing location, whilst proposing housing on the current car-parking site. Whilst there are some positives to this approach, a baseline of 500 homes results in a high residential density and average building storey height which presents difficulties in creating a sustainable street based neighbourhood. This option has greater opportunities if a lower number of homes is required. Site Approach 1 represents a lower planning risk relative to Site Approach 3 as it follows a similar footprint to the previous application – the risk increases with a high number of units and therefore this route is only recommended if a 200-300 unit enabling scheme is viable.
- 4.34. Site approach 3 explores the potential for leisure uses to be re-located within a wider leisure landscape context. This, in turn, creates an opportunity to propose lower density housing on the brownfield southern portion of the site. Site Approach 3 represents a more challenging planning proposition by relocating the leisure centre, however it is the better solution if a high number of units (500) are required for the viability due to reduced density of any housing and therefore impact on MOL.
- 4.35. Section 6 of the Feasibility Study sets out in further detail the considerations which have been taken by the architect in exploring these two masterplan options further including the impact on Metropolitan Open Land. These options are explored in depth at Sections 8 and 9 of the Feasibility Study.
- 4.36. Following further consideration of the options and dialogue with the architect team on their findings, officers would recommend to Cabinet that Site Approach 1 be selected as the preferred masterplan arrangement to be taken forward. In making this recommendation, officers would want to draw Cabinet’s attention to the following key matters in particular, noting that substantial further detail and comparative analysis is contained within the Feasibility Study:
- Site Approach 1 would contain development to the existing developed area along Ruislip Road and is considered to have a lower planning risk relative to Site Approach 3 (albeit that Site Option 3 is considered to be feasible in planning terms);
  - Site Approach 1 would be anticipated to generate less enabling development / cross subsidy funding relative to Site Approach 3, with the maximum number of residential units anticipated to be 300 for this option. Cabinet should therefore note that Site Approach 1 is likely to generate a reduced capital receipt and will require additional capital funding to be secured from alternative sources to fund the scheme, relative to Site Approach 3;
  - Site Approach 1 would allow for the design and construction of the Leisure Centre and residential development to be managed concurrently with an opportunity for integration and shared services



- Car parking is likely to be a greater challenge for Site Approach 1, relative to Site Approach 3 due to the mixed-use development being contained within a single site off Ruislip Road
- Site Approach 1 would be anticipated to have a lesser flood / ecology impact relative to Site Approach 3, albeit that the flood and ecology impacts would need to be considered further as the design is developed with suitable mitigations to be put in place.

4.37. As a further progression to this masterplan option, the architect team has further developed the Site Approach 1 masterplan with indicative sub-options to show a 200 unit and a 300 unit residential scheme. These are included with Appendix 1 as an addendum to the original Feasibility Study as a 'Feasibility Study Plus' document which is intended to further inform Cabinet on a potential housing layout and massing for this approach.

#### **Housing Development on Metropolitan Open Land**

4.38. It is clear that the Council will need to achieve enabling development towards the cost of the leisure centre. It is unlikely that this will meet the total cost of the leisure centre since the quantum of development required to achieve this would go well beyond what development is likely to be acceptable on Metropolitan Open Land. The Feasibility Report, inclusive of the Feasibility Plus Addendum, are drafted to work within the context of the Planning Policies set out in the London Plan and the Ealing Local Plan, including the recently published Ealing Regulation 18 Consultation Plan.

4.39. Accordingly, the scheme will now be developed to be planning compliant and to that end will comprise between 35% and 50% affordable housing. The exact number of new homes will depend on the viability of the scheme, the overall design strategy for the site and the preferred layout. The exact mix of housing type and tenure will be agreed, reflecting local housing need and the financial impact on the scheme. There may be an opportunity to include some specialist housing types such as older peoples' housing or self build.

4.40. The scheme will have to comply with a range of other policies including recognising the impact of the new development and any mitigation required. Whilst the full requirements of the planning application have yet to be worked out, they can be expected to include sustainable, active travel plans, strategic landscaping, replacement outdoor sports facilities and employment, training and apprentices support through construction and operation.

#### **Next steps and recommended way forward**

4.41. Subject to Cabinet approving the recommendations arising from the Feasibility Study as summarised above, it would be proposed that the architect team be retained to carry out further design work on a mixed-use development, adopting Site Approach 1 as the preferred



masterplan approach and assuming a leisure centre brief based around the Optimised 1 scheme.

- 4.42. Approval by Cabinet is requested for funding to be drawn down from the existing Gurnell capital budget to complete this design work and to seek planning permission for a mixed-use development in addition to carrying out any further site surveys which might be necessary in support of this design activity.
- 4.43. It should be emphasised that the purpose of the Feasibility Study is to inform strategic decision making on the masterplan for the project and the information presented within the Study will be subject to change as the project progresses. Subject to Cabinet approving the recommendations in this report, further design and survey work will be carried out to develop and refine the masterplan option. It is proposed that meetings of the Sounding Board will continue to be facilitated through the next design stage.
- 4.44. In parallel with continuing design development up to seeking planning permission, it is proposed that a detailed analysis of procurement options be carried out to establish a preferred route to market for both the leisure centre and residential elements of the scheme. This exercise would include, but not be limited to, consideration of procurement approaches such as design build, operate and manage (DBOM) as compared to Council self-delivery of the leisure centre with a procured operator, and similarly to review options for market sale of the residential element which might include conventional sale to a developer with planning permission secured as well as alternative approaches including an 'income strip' type sale or self-delivery.
- 4.45. Upon completion of and informed by this analysis, it is proposed that relevant market testing activities be carried out which will generate a market-tested cost and value for the full scheme with planning permission. This will enable a further report to be brought back to Cabinet on the funding implications of proceeding with the development. Officers will also continue to explore other avenues for securing capital funding to support the scheme including through external grants and S106 monies.
- 4.46. In light of the recommendation following the reuse appraisal that the existing leisure centre building has no continuing value and is not suited to renovation, Cabinet authority is further sought to arrange to demolish the existing building. The vacant building continues to be at risk from targeted vandalism and anti-social behaviour and represents a revenue cost to the Council. Demolition of the existing building will also serve to accelerate the delivery of the project as this activity can be brought forward to be completed in parallel with the above activities.

## **5. Financial**

### **5.1. Capital Implications**

- 5.1.1 In March 2016, Cabinet approved a capital contribution of £12.5m towards the secondary fit-out phase of the project under the previous scheme. This budget is currently in the Council's approved Capital programme. Approval is sought to allocate £2.5m of this approved budget towards implementing the recommendations contained within this report, which is based upon estimates of benchmarked costs of the activities as described.
- 5.1.2 Cabinet should note that the gross capital costs of implementing a replacement of the leisure centre at the recommended brief is estimated at £45m. This estimate is informed by the information known at this stage through the Feasibility Study and will be refined at the next stage of design development as part of the planning process.
- 5.1.3 It is anticipated that contributions towards the capital cost of implementing the scheme can be secured from various external sources including S106 monies, external grant funding and capital receipt generated through the enabling development. Officers will continue to investigate other routes to securing capital funding however any shortfall in costs would need to be funded through capital borrowing, the revenue costs of which would need to be met from related leisure income. Where this is not sufficient, additional revenue costs would need to be incorporated into the Council's Medium Term Financial Strategy.
- 5.1.3 Subject to receipt of planning permission for the development and completion of market testing and procurement activity, Cabinet will receive a further report on the overall capital funding position for the project and any further decision on progressing the development will include the full financial implications.

## **5.2. Revenue Implications**

- 5.2.1 The replacement project is to be fully funded through capital, although any borrowing required to fund any shortfall in capital costs will have a revenue implication for the Council. The full impact of this will be assessed as part of a future report to Cabinet.
- 5.2.2 There will be a revenue saving in the short-term arising through the demolition of the existing building as this will remove the costs of monitoring the vacant building which is at risk of vandalism / ASB. 24-hour security has been in place since October 2022 at a weekly cost of £6,500 and annual essential maintenance and compliance costs of c£50,000.

## **6. Legal**

- 6.1. Any consultant or developer partner who provides services and/or works for the replacement of the leisure centre will be selected in accordance with Public Contracts Regulations 2015 and the Council's Contract Procedure Rules.
- 6.2. The Council has the power to provide indoor and outdoor recreational facilities including swimming pools under section 19 of the Local Government (Miscellaneous Provisions) Act 1976.
- 6.3. The Council has the power to dispose of property under section 123 of the Local Government 1972 Act in any manner it wishes. This is subject to an obligation to obtain the best consideration that can reasonably be obtained (except for leases of seven years or less) unless the Secretary of State's consent is obtained for the disposal. Where a disposal under section 123 consists of open space the Council must first advertise their intention to dispose and consider any objections prior to the proposed disposal

## **7. Value for Money**

- 7.1. The existing leisure centre is considered to be at end of life and renovating it would offer poor value for money. The existing leisure centre has historically also operated at a deficit and has required a subsidy by the Council.
- 7.2. The proposed replacement leisure facility would contribute significantly to the Council's overall leisure contract enabling the removal of all subsidy from the Council's leisure provision. The surplus generated by a replacement facility would be anticipated to contribute towards its own build costs. The proposed enabling housing development will directly contribute to the capital costs of the scheme and thereby reduces the level of Council borrowing necessary to realise a new Leisure Centre.

## **8. Sustainability Impact Appraisal**

- 8.1. As outlined above, the replacement of the Leisure Centre is recommended rather than renovation on the grounds of environmental sustainability. Please refer to Section 3 of the Feasibility Study for more information on this analysis.
- 8.2. As a referable application, the masterplan scheme will be required to meet a number of sustainability requirements under the new London Plan. The brief for this project is for an exemplar sustainable Leisure Centre and masterplan. Whilst the masterplan and housing targets are more clearly set out in policy, the targets set for the Leisure Centre will be further developed at the next stage.
- 8.3. The Leisure Centre targets needs to strike a balance between performance, cost, benefits and impact to arrive at the optimum brief.

Please refer to Section 4 of the Feasibility Study for further information on the project objectives and policy position.

## **9. Risk Management**

- 9.1. An initial project delivery risk register has been developed and is contained within Section 12 of the Feasibility Study. This will continue to be reviewed and monitored as the project progresses.

## **10. Community Safety**

- 10.1. None.

## **11. Links to the 3 Key Priorities for the Borough**

- Fighting inequality

- 11.1. The proposals would contribute to a number of Council objectives in relation to health and wellbeing benefits from leisure and recreation and would be a community facility accessible to all. It would provide a secondary benefit in relation to housing provision including contributing towards genuinely affordable homes.

- Tackling the climate crisis

- 11.2. A replacement leisure centre would operate to current design standards including meeting the London Plan and would have a substantially reduced operating carbon footprint as compared to the existing centre.

- Creating good jobs.

- 11.3. The proposals would generate employment opportunities both during the construction / delivery phase as well as during the scheme's operational life.

## **12. Equalities, Human Rights and Community Cohesion**

- 12.1. As confirmed by the Equalities Analysis Assessment (EAA) included at Appendix 4, there are no specific equalities implications identified at this stage of the project, however regard to the Council's equality duty shall continue to be observed at all stages of the project. The scheme will be designed to be inclusive and fully compliant with relevant statutory requirements including DDA.

## **13. Staffing/Workforce and Accommodation implications**

- 13.1. None.

## **14. Property and Assets**

- 14.1. This report relates to development on land owned by the Council and redevelopment of an existing asset. The property is not on the planned list of property disposals.

## 15. Any other implications

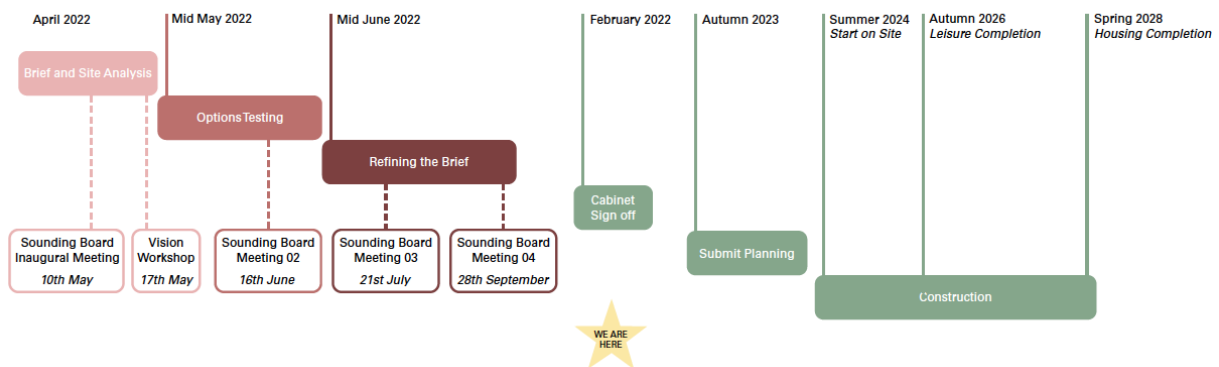
15.1. None

## 16. Consultation

16.1. Previous reports to Cabinet and public presentations including at the Sounding Board. The Chair of the Sounding Board has provided a summary letter which is included at Appendix 3.

## 17. Timetable for Implementation

17.1. Please refer to the indicative timeline at Section 11 of the Feasibility Study which indicates as follows.



## 18. Appendices

- Appendix 1 – Mikhail Riches Feasibility Study inclusive of Feasibility Plus Addendum
- Appendix 2 – Online Survey Results Summary
- Appendix 3 – Gurnell Sounding Board – Letter from Independent Chair
- Appendix 4 – Equalities Analysis Assessment

## 19. Background Information

- Draft Indoor and Outdoor Sports Facility Strategy and Action Plan 2022 – 2031
- March 2015 Cabinet Report – Gurnell Leisure Centre Redevelopment
- July 2015 Cabinet Report – Gurnell Leisure Centre Redevelopment Update
- November 2015 Cabinet Report – Gurnell Leisure Centre Redevelopment – Legal Update
- May 2016 Cabinet Report - Gurnell Leisure Centre Redevelopment – Update Funding Strategy
- September 2019 Cabinet Report – Gurnell Leisure Centre Update Report
- July 2020 Cabinet Report – Update on Gurnell Leisure Centre
- Sounding Board papers available at [www.ealing.gov.uk/gurnell](http://www.ealing.gov.uk/gurnell)

## Consultation

<b>Name of consultee</b>	<b>Post held</b>	<b>Date sent to consultee</b>	<b>Date response received</b>	<b>Comments appear in paragraph:</b>
<b>Internal</b>				
Sandra Fryer	Strategic Director Economy and Sustainability	20/01/2023	10/02/2023	Throughout
Chris Bunting	Assistant Director Leisure	20/01/2023	26/01/2023	
Emily Hill	Strategic Director Corporate Resources	20/01/2023	10/02/2023	5.1
Shabana Kauser	Assistant Director Strategic Finance	20/01/2023		
Russell Dyer	Head of Accountancy	20/01/2023		
Jackie Adams	Head of Legal Services (Commercial)	20/01/2023	06/02/2023	Throughout
Chuhr Nijjar	Senior Contracts Lawyer	20/01/2023		
<b>External</b>				

## Report History

<b>Decision type:</b>	<b>Urgency item?</b>
Non-key decision	No
<b>Report no.:</b>	<b>Report author and contact for queries:</b>
	Adam Whalley, Assistant Director Capital Investment 020 8825 9420