

### **Cabinet Decision:**

1. **Considered** the results of the consultation on the future of Chafford Sports Complex.
2. **Agreed** that funding for the community use of Chafford Sports Complex should cease, with effect from 1 June 2019.
3. **Delegated** authority to the Chief Operating Officer to end the current arrangement to give effect to the decision to cease funding for the community use of Chafford Sports Complex.
4. **Agreed** that the cost of keeping Chafford Sports Complex open from 1 April 2019 until the end of the notice period is met from the Business Risk Reserve. Based on a monthly cost of £19,357, if the notice period ran until late May 2019 the estimated cost is £38,714
5. **Agreed** that the mitigating actions identified in section 6 are progressed.
6. **Agreed** to investigate the feasibility to secure a site and funding to develop a new self-financing sports centre in the south of the borough, with a report on this to be submitted to Cabinet in the Autumn and agree that funding of up to £50,000 be released from the Business Risk reserve if required.

### **Reasons for the decision:**

Chafford Sports Complex is being funded from business risk reserves until February 2019. There is no identified funding to continue operating and managing the Sports Complex beyond this time. The Council do not own the Sports Complex or the land. A decision is required as to whether the Council seeks ownership of the land, in order to invest Capital in it, HAR have indicated that they are open to this approach subject to agreement from the Education and Skills Funding Agency (ESFA). A decision is also required as to whether to continue funding the operation and management of Chafford sports Complex as funding to achieve this has not been agreed beyond February 2019.

### **Other options considered:**

The following options have been considered:

Continue with current arrangement – this will create a budget pressure of at least £232k per annum as the council does not have any funding in its base budget. That sum represents the cost the council has to pay SLM to manage the public use of the facilities, because unlike other facilities managed under the SLM contract, this requires financial support to continue to operate. Those costs may rise if public use

falls as could be reasonably expected with no investment. The facilities are in need of updating if they are to continue to be used by the public and the estimated cost of this is approximately £1M, with the possibility of further future spend being required over time. However, the Council is not permitted by law to invest capital in a site it does not own and so any improvements would need to be met from revenue. The Council has a £37.8m funding gap over the next four years and has no revenue for this investment without making changes to other aspects of the budget. The Council would need to consider whether it is prudent to invest such large sums in a building it does not own, on a dual use site which will always require financial support for use by the public. This option has been rejected for the reasons set out.

Land and Asset Transfer – Harris Academy Rainham ('HAR') have offered to transfer ownership of the complete school site to LBH. HAR would need to seek agreement from the Education and Skills Funding Agency (ESFA) to do this as without their approval the transfer could not progress. The Council would then lease the school site on a long term arrangement to HAR, with a joint use agreement being agreed providing HAR access to the Sports Complex. Under this arrangement the necessary investment of approximately £1m in the Sports Complex, required by the SLM contract, would again fall to the Council but could be funded from capital. The Council would also be responsible for the repair and maintenance of the Sports Complex. If at a future time the Council decided to remove Chafford Sports Complex from the SLM contract, the Complex would revert to HAR. As with the option above there are real financial questions about whether such high levels of investment are prudent or affordable in an asset which has an uncertain long term future. This option has been rejected on grounds of affordability.

When tendering for the current Leisure Management Contract, tenderers were asked to submit proposals for a new build on the school site. Considerable capital investment would be required – approximately £11m generating an ongoing revenue subsidy of approximately £500k per year inclusive of capital borrowing costs. Again, consideration would need to be given to whether a school site is the correct location for a new sports complex. However, more recent discussion has highlighted the option of a modular build facility as mentioned in 7.3 above. The early indications are that this is a less expensive alternative to that submitted as part of the tendering process based on a traditional build.

A stand-alone site would allow greater day time use of the facility and would be more likely to achieve a self-financing position. A new sports complex on the school site would require the demolition of the existing sports complex prior to building the new; it is expected that there would be no sports complex for a period of up to two years. The traditional build option has been rejected on grounds of affordability. As per Recommendation 6 of this report, it is recommended that a feasibility study is carried

out to establish the business case on a new sports centre in the south of the borough on a stand-alone site, with consideration of the modular build option as part of that study.