

Report to: Cabinet

Date of Meeting: 6th January 2020

Report Title: Bohemia leisure and cultural facilities study

Report By: Simon Hubbard
Director, Operational Services

Purpose of Report

To update cabinet on the Bohemia leisure and cultural facilities options appraisal study and to recommend next steps in progressing the scheme

Recommendation(s)

- 1 To agree in principle to provide a new leisure centre and leisure water, and primary entertainment centre on the Bohemia site, significantly improving on the town's current leisure and cultural offer, with provision for adding an arts centre if capital and revenue funding can be obtained
- 2 £100 000 be set aside to commission detailed site and topographical surveys of the land, to inform and de-risk the next stage of the work; £35 000 to come from existing budgets, £65 000 to be a 'growth item' funded from general reserves
- 3 A report be brought back to cabinet in autumn 2020 reporting on the outcome of the site surveys, recommending a location for the new leisure and entertainment centre, with provision for an arts centre, which would also take into account the potential value of investing in housing elsewhere on the site. This would consider alternative models for financing the work, and include a funding/partnership/investment strategy.

Reasons for Recommendations

To ensure that the project can be taken forward in a sensible, cost-effective way.

Introduction

1. At its meeting on 4th March 2019 cabinet agreed to spend up to £100k to fund the commissioning of an initial options appraisal to consider the development of new leisure and culture centres and associated outdoor spaces within the Bohemia area (£10k of this came from Arts Council England, and the remaining up to £90k required would be funded through existing budgets and an approved 'growth item' of up to £19k). A consortium of consultants, led by Continuum and FEI ('Continuum') were the successful tenderers, and they started work in June. Their initial tender was for £78 120, but additional work on cultural options, and land valuations, has cost £4 300, bringing total spend to date to £82 420.
2. A considerable amount of work has now been done by the consultants, and regular meetings held with HBC's project team and other senior managers; they have also met with lead councillors on a number of occasions. Alongside this, substantial consultation and engagement with stakeholders has taken place. This has included the leisure and cultural sectors locally, and sports national governing bodies, operators and local authority neighbours.
3. Continuum have produced their final strategic report, which is included as Appendix 1. It does contain confidential and commercially sensitive information, and so small parts have had to be redacted, but in the interests of transparency it is felt that it is better to publish a redacted version rather than withhold the report completely.
4. Continuum's primary aim was to look at how the council could generate a critical mass of activity that is deliverable and distinctive whilst at the same time creating a high quality cultural and leisure destination with a strong sense of place and good connections with the wider area.
5. Continuum believe that whilst there are challenges, the potential future development of the Bohemia area in Hastings and the options to develop new leisure and cultural facilities and venues represents a very real and exciting opportunity for Hastings.

Discussion

6. As can be seen from the report, five options have been identified; the net present value ('NPV' - the difference between the present value of cash inflows and the present value of cash outflows over a period of time, and accounts for the time value of money) :-

Option A	Patch up, indicative capital cost £25.3m, NPV £24.9m
Option B	Direct replacement of current leisure and primary entertainment centre (theatre), indicative capital cost £56.9m, NPV £24.6m
Option C	Enhanced leisure and leisure waters, primary entertainment centre, indicative capital cost £71.6m, NPV £32.6m
Option D	Enhanced leisure, primary entertainment and arts centre, indicative capital cost £77.9m, NPV £41.2m
Option E	Enhanced leisure, waterpark, entertainment and arts venue, indicative capital cost £88.2m, NPV £50.3m

The 'Net Present Value' (NPV) figure is based on a 25 year financial projection, no inflation and takes revenue costs and income into account

7. It should particularly be noted that the direct replacement is actually cheaper over 25 years than the patch up option, because maintenance costs continue to rise if the existing buildings are continually repaired, and ongoing subsidy would be required.
8. However, it is our view that we should aspire to more than this. An improved leisure and cultural offer will deliver transformational change to the Bohemia area and, indeed, the whole town. Investing c£57m for what is effectively a like for like replacement does not help us realise this ambition. A like for like offer will leave us falling further behind other towns, as they continue to develop their economy through developing their leisure and cultural offer. We aspire for our new leisure and cultural centre to be a destination in its own right, popular with the local community as well as being able to attract visitors, something the town can be proud of.
9. Option C provides an enhanced leisure centre, enhanced outdoor facilities and a new entertainment centre, and option D provides the additional arts centre to complement the entertainment centre, with the same facility mix as option C.
10. It should be noted that option D meets all of the consultation aspirations for both leisure and culture, and is a very close match to meeting all aspects of the original brief. There was strong support from the local cultural community for an arts centre, which would provide a different offer to the commercial entertainment centre, although it was acknowledged from the outset that this would be significantly more expensive to build and to operate, almost certainly requiring ongoing funding.
11. This is a rare and exciting opportunity to significantly improve Hastings leisure and cultural offer. Finance colleagues have been involved in the development of these options and the current financial pressures are well known and understood. In particular it is acknowledged that the additional capital cost and ongoing revenue contribution required for the arts centre are difficult to countenance at present without additional external investment.
12. Continuum believe new enhanced leisure and cultural facilities would bring the following benefits:
 - Increase opportunities for local residents and visitors to participate in leisure and cultural activities with new high quality integrated leisure and cultural facilities
 - Secure a long-term future for sport and culture within Hastings and raising the profile of Hastings as an attractive place to live, work and visit.
 - Financially viable facilities that generate an operating surplus and do not require a subsidy from the council.
 - More energy efficient and environmentally friendly facilities with a reduced carbon footprint, which aligns with the council's climate emergency position of being carbon neutral by 2030.
13. Our preferred approach is therefore to progress with option C i.e. enhanced leisure centre and leisure water, and primary entertainment centre, with provision for

adding an arts centre at a later stage if necessary when capital and revenue funding can be obtained. This supports Continuum's recommendation based on the Treasury's 'Green book' business case evaluation methodology. It is proposed that we raise the level of interest and support in the cultural offer as soon as the current budget process is finalised, to improve the chances of obtaining funding to secure the arts centre.

Proposed next steps

14. It is acknowledged that the 'at risk' revenue costs of developing detailed plans to planning application stage are considerable.
15. Before detailed site and building design work can start, site, service, and topographical, geotechnical and contamination surveys are required to confirm the viability for locating the leisure and cultural centres. It is in some respects a tricky site, hilly and dropping steeply at its southern end, crossed by a relatively shallow railway tunnel; it is lacking accurate service information, such as that regarding utilities and sewers.
16. It is therefore recommended that detailed site, service and topographical surveys be commissioned for the whole of the Bohemia site (excluding the Travelodge site, which will be undertaken by the hotel owners), which are likely to cost around £100 000.
17. This helps 'de-risk' the project before more substantial sums are invested in detailed design work, and will make any development here a more attractive proposition for investors/partners. Once completed, a report should be brought back to cabinet detailing the results and a proposed way forward recommended. As noted above this is felt to be option C at this stage, i.e. enhanced leisure and leisure waters, and primary entertainment centre, but with the option of adding an arts centre if capital and revenue funding can be obtained.
18. The promotion of the scheme outlined in the consultants' report marks the beginning of a campaign to win support for a development of this scale.

Timescales

19. Ordinarily the commissioning and executing of these surveys would be expected to take 4 – 6 months. However, given the organisational changes expected shortly, which may impact upon the team expected to project manage/deliver this work, it is more realistic to expect the work to be completed within nine months. A report to cabinet could therefore be expected in autumn 2020. Commissioning a team of engineers and architects to develop detailed plans would take until early 2021, meaning that any significant architects' and engineers' fees would not be incurred until the 2021/22 financial year.
20. A masterplan study to understand the relationship between residential development and the leisure and cultural centres is recommended if work progresses further, with a coordinated approach to transport, movement, energy, servicing and waste management to deliver a high quality development and public realm. This could form part of the investment plan work for the Town Deal, which officer will be progressing during 2020 and beyond, subject to Cabinet approval.

21. Subject to planning permission being obtained, work could start on site in late 2024, with completion by 2026.

Finance

22. The capital and NPV costs of the scheme are summarised above and detailed in the appended report; the enhanced leisure, leisure water centre and primary entertainment centre has an indicative capital cost of £71.6m and NPV of £32.6m. Adding an arts centre gives an indicative capital cost of £77.9m, and an NPV of £41.2m.

23. As suggested above, the site survey, etc., work is likely to cost around £100 000, and this would be undertaken before detailed planning and engineering work started.

24. The existing Summerfields leisure centre site can be redeveloped for housing once the new leisure centre is open. The future of the White Rock Theatre building will be considered as part of the wider masterplanning of the area referred to above.

25. The value of the Bohemia land available for housing is dependent on the site chosen for the leisure and cultural centre; this in turn will be informed by the site and topographical survey. Land values – and the cost of construction – change over time, and the addition of a new leisure and cultural centre would be expected to increase land values, as noted above.

26. It is therefore recommended that further work is undertaken on the viability of the various site options, and the value that can be generated from them, once the topographical/survey work has been undertaken.

27. It is also recommended that, over the coming months, and in parallel with the site work, alternative models for financing the new facilities are thoroughly explored, and that a funding/partnership/investment strategy is developed, likely forming part of the Town Deal Investment Plan work being developed by council officers, as mentioned previously above.

Recommendations

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consider alternative models for financing the work, and include a funding/partnership/investment strategy.

Timetable of Next Steps

28. Please include a list of key actions and the scheduled dates for these:

Action	Key milestone	Due date (provisional)	Responsible
Site surveys commissioned	Action completed	January 2020	Kevin Boorman
Site surveys completed	Action completed	August 2020	Kevin Boorman
Finance models developed	Action completed	August 2020	Kevin Boorman
Funding/partnership/investment strategy developed	Action completed	August 2020	Kevin Boorman
Cabinet paper recommending next steps	Action completed	Autumn 2020	Kevin Boorman

Wards Affected

All

Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness

The new leisure and cultural centres have the potential to increase participation and create a new destination for the community

Crime and Fear of Crime (Section 17)

n/a

Risk Management

As per the project management tools a risk log is being maintained

Environmental Issues

Undertaking site and topographical surveys as per the recommendations will help to inform and de-risk the project

Climate Change

The indicative costs for the buildings take account of the need to meet high 'BREEAM' standards, and for the buildings to be sustainably built and operated, including the use of heat pumps where applicable

Economic/Financial Implications

Requirement for funding to undertake the site and topographical surveys as per the recommendations. Further implications will become clearer as the project is developed in more detail.

The new leisure and cultural centres have the potential to generate income for the council and contribute to the wider economic growth and regeneration of the town

Human Rights Act

n/a

Organisational Consequences

n/a

Local People's Views

Local stakeholders were consulted with as part of the options appraisal study process.

Anti-Poverty

n/a

Additional Information

Appendix 1: Bohemia Masterplan – Sport and Culture – strategic report

Officer to Contact

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