

LB Barnet - SPA- Feasibility Study

Leisure Centre Feasibility Study
28th January 2015



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1. Executive Summary

1.1 Introduction

In September 2014, RE and Capita with support from The Sports Consultancy, was appointed to undertake a feasibility study into the future of the Council's portfolio of five leisure centres. The study was undertaken as part of the broader Sport and Physical Activity Review (SPA) and built on the outline business case (OBC) delivered in July 2013. The findings will feed into a revised OBC. The study is underpinned by the Council's need to:

- provide fit for purpose facilities for its residents
- improve public health outcomes
- deliver a service that is as close to revenue neutral as possible.

It sought to assess how the vision set out in the OBC could be delivered and ultimately to establish what facilities the Council requires, where they should be located, how much they would cost to build, and how much they would generate in revenue (with the aspiration for them to be financially sustainable in their own right). The existing management contract with Greenwich Leisure Limited (GLL) is due to expire in December 2017. This study also provides a framework through which a procurement exercise can be undertaken for a new management operator.

If the Council is able to invest in its leisure portfolio, a future contract should be attractive to the leisure management market given the sizeable population (357,500), the projected growth of it and the relative affluence. However, there are known condition issues with the existing facility portfolio, so it will be dependent on investment and ensuring that the facilities provided in the future meet the population's needs and expectations.

1.2 Needs Assessment

The needs assessment set out the future facility requirements across the borough, with a particular focus on swimming pools, sports halls and health and fitness facilities. Building on previous research undertaken by the Council (Sport and Physical Activity Needs Assessment report - September 2012), the needs assessment has established that:

- there is a need to maintain the current level of swimming pools – with consideration required on the provision of additional water space in the south of the borough
- there is no additional need for sports halls but increased access to provision currently located at school sites should be explored to ensure demand can be met
- there is demand for a 10%–20% increase in the number of health and fitness stations at Cophall, Finchley, Hendon and Burnt Oak and the provision of approx 75 stations in the Church Farm area.

The findings from consultation with other local authorities, national governing bodies of sport and key sports clubs at the existing centres have been incorporated into the study.

1.3 Current portfolio

The Council currently provides five leisure centres and they are located at Barnet Copthall, Church Farm, Finchley, Hendon and Burnt Oak. Geographically, they are well-located and correspond to the areas of greatest population. The portfolio varies significantly in age with the oldest centres being Church Farm (1960) and Barnet Copthall (1975) and the newest being Burnt Oak (2003). Church Farm and Barnet Copthall have reached the end of their cost effective lives and replacement of them is a high priority if the Council wishes to deliver its aspirations of a revenue-neutral service and improved public health.

Finchley centre is heavily used but would benefit from enhancements to the current layout and aesthetic improvements. Burnt Oak and Hendon, the newest of the five (constructed in 2003 and 1995 respectively) are both in reasonably good condition.

Condition surveys undertaken in 2012 for all five centres identified £9.9 million of repairs across the portfolio within 25 years, of which half (£5.1 million) would be required in the next ten years and two thirds (£6.5 million) in the next 15.

1.4 Summary of Proposed Facility Mixes

The proposed facility mixes are derived from a combination of the needs assessment and consultation. New provision will enhance the user experience and deliver a significantly improved revenue position.

Facility	Church Farm	Barnet Copthall	Finchley	Hendon
Health & Fitness (stations)	70 – 75	110-115	100 -110	80
Swimming Pools	25m 6 lane Learner pool (movable floor)	25m 8 lane 25m 6 lane Learner pool*	25m 6 lane Learner pool (movable floor) Leisure water	25m 6 lane pool
Sports Hall / Gymnastic Hall	6 court (optional)			4 court 1 Gymnastic
Dance Studios	2	2	2	2
Spinning Studio		1		
Cafe	1	1	1	

* options for the provision of a dual learner / diving facility have been costed within the study

Burnt Oak does not require any facility developments during the new ten year contract period other than replacement of the existing synthetic turf pitch (which is required now).

1.5 Site options

A site options appraisal was undertaken to establish appropriate locations for the proposed facilities. Barnet Copthall should remain on the existing estate and in line with the recommendation of the broader masterplanning and development options exercise. Burnt Oak does not need re-development in the medium term and Hendon will be re-developed as part of the broader Brent Cross/Cricklewood regeneration scheme (potential site options at this stage remain unknown).

Potential sites for the remaining two centres, Church Farm and Finchley, were subjected to a thorough site options appraisal. Within this process, a long-list of possible sites was established, site visits undertaken and a shortlist agreed through an evaluation exercise (based on a series of characteristics such as planning consideration, location, accessibility, etc). This provided a score for each option allowing the sites to be ranked. The preferred sites for the new facilities were as follows:

- Finchley: the bowls club land adjacent to the current site
- Church Farm: the site on the junction of Cat Hill and Park Road.

Further details of the site options appraisal and relative merits and disadvantages of each site can be found within the main body of the report (Section 7). Any re-location of the facilities would of course be subject to usual planning process.

1.6 Capital costs

Indicative layouts have been created for the potential sites which allow the capital costs to be estimated. The capital costs represent a mid-range value and are based upon a range of assumptions and exclusions set out in Section 9. They should be viewed as indicative only at this stage:

	Church Farm	Barnet	Finchley	Hendon	Total
Capital costs	£8.9m	£14.3m	£9.4m	£11.5m	£44.1m

1.7 Future revenue projections

As well as the capital cost required to deliver the new facilities described above, there will be an ongoing revenue position for each. It is important for the Council to understand this now as it will directly impact on the affordability of the proposals. Therefore, ten year income and expenditure projections were developed as follows:

- Part A: re-tendering of the management contract without capital investment beyond the known condition survey costs. The purpose of this was to ascertain if a zero-revenue cost could be achieved without investment. The exercise estimated an average annual cost to the Council of £527,000. This option would not meet the council's objectives of a nil-revenue cost and providing fit-for-purpose facilities nor would it contribute effectively to increasing public health outcomes across a growing resident population.

- Part B demonstrates that with the investment all the facilities should move to a positive annual revenue position when considered over a ten-year period. Specifically, the estimated levels of income are £205,000 at Church Farm, £445,000 at Barnet Copthall, £353,000 at Finchley and £155,000 at Hendon. It has been estimated that Burnt Oak would deliver an annual surplus of £125,000 following retendering.

1.8 Affordability Analysis

Although the revenue figures presented above set out a positive position for each of the centres, the cost of funding the capital investment requirement at each needs to be taken into account to understand the overall affordability of the Council aspirations.

In terms of Finchley and Hendon, it is realistic at this stage to expect that they could be funded by wider associated developments in each case. However, there is still uncertainty over the scope and timescales of the developments in question and therefore they are regarded as medium-term aspirations for the Council. This fits with our view on the relative priority of the investment schemes in that they are third and fourth respectively.

The highest priority schemes are at Church Farm and Barnet Copthall in that order.

However, this analysis considers the proposed facility developments in isolation. The next stage (to put each development in its wider context) was to create a portfolio-level affordability analysis. This was completed in conjunction with representatives of the Council's finance department. It covered two scenarios:

- **Core scenario:** delivery of a new Church Farm by year 1 of the new management contract and a new Barnet Copthall by year 2
- **Reduced scenario:** delivery of a new Barnet Copthall by year 2 of the new management contract and the retention of Church Farm until 2021-22.

The core scenario reflected the fact that Church Farm and Barnet Copthall are the two highest priority schemes. The reduced scenario accounted for the fact that delivering the new Church Farm facility will be challenging from a planning perspective.

The analysis took into account an indicative retained leisure budget of £419,250 and reserves of £1.6 million and demonstrated that in the core scenario there was on average an annual revenue funding gap of £237,000. The estimated average annual management fee income to the Council for the new contract is £1.07 million.

In the reduced scenario, the removal of Church Farm has a positive impact on the scheme's affordability and over the 27-year period there is an average annual surplus of £29,000. The estimated average annual management fee income to the Council for the new contract is £833,000.

The impact on the overall affordability of omitting the redevelopment of Church Farm is not unexpected given that the individual facility analysis set out in the previous section showed that there was a deficit on the scheme. Although removing Church Farm from the portfolio would have a positive financial impact, it is not a route we would recommend from a sporting need perspective given that the east of the borough is currently the poorest served in terms of leisure facilities. Not delivering a replacement for Church Farm would inevitably have a negative impact on the Council's aspiration to improve the health and participation levels of the borough's population.

1.9 Management and Procurement considerations

The study has considered the council's optimal procurement route for the delivery of this programme. For the leisure facilities, based on the uncertainty and variance in the timescales for the delivery of each of the new facilities, it is recommended that the Council follows design and build procurements for the facility developments and a separate management contract to secure a new operator. This will mean the Council will retain a degree of flexibility over the delivery of the schemes and also ensure that it secures the maximum interest in (and hence competition for) the management of its leisure centres in the long-term.

In addition, it was recommended that Barnet Copthall remains within the Council management contract and is not transferred to the proposed management trust for the Copthall estate. This will ensure that the management contract remains as attractive as possible to the market, that the Council achieves the best financial return from Barnet Copthall and the management contract and that a coherent leisure centre service is maintained.

1.10 Conclusion

It is clear from all of the work undertaken that significant investment is required across the Council's leisure centre portfolio to ensure that it can meet customer expectations and contribute to achieving the Council's aspirations around improving public health.

Of the five facilities, investment is needed as a priority at Church Farm and Barnet Copthall. Beyond those two, Finchley and Hendon will require investment in the medium-term, but are also potentially going to be subject to wider redevelopment plans which could deliver new facilities at no cost to the Council.

Despite the current condition of the facilities, it is also clear that the Council is not achieving value for money on its existing management contract. Given the population in the borough, the relative affluence and the projected future growth in population, the Council should be able to achieve a significantly better financial arrangement when the current contract ends in December 2017.

If it were to make no investment in its stock, it has been estimated that the cost of the service would still reduce; however, this would not address the known condition issues at either Church Farm or Barnet Copthall nor cater for future population growth and so would not provide the long-term solution the Council is seeking.

It is estimated that to deliver the Council's aspirations for Church Farm and Barnet Copthall and additional £237,000 per annum is required over the next 25 years. If this cannot be secured, then the analysis has indicated that the closure of Church Farm with no re-provision (while still delivering a new Barnet Copthall) would deliver an affordable project. However, not delivering a replacement for Church Farm would inevitably have a negative impact on the Council's aspiration to improve the health and participation levels of the borough's population.

In summary, the recommendations of this study are as follows:

- zero revenue subsidy across the portfolio cannot be achieved without significant capital investment. Therefore, a simple retendering of the contract in time for January 2018 will not deliver the Council aspiration, nor would it address the quality and age issues at Church Farm and Barnet Copthall
- Church Farm should be replaced with a new wet and dry centre at Cat Hill/Park Road
- Barnet Copthall should be replaced with a new wet and dry centre within the Copthall estate
- replacing Finchley with a new wet and dry centre on or adjacent to its current site should be progressed as a medium-term aspiration
- Hendon should be replaced with a new wet and dry centre (including the gymnastics provision) as part of the Brent Cross/Cricklewood regeneration scheme
- the management of Barnet Copthall should be retained within the leisure contract and not transferred to the proposed Copthall trust
- the construction of new facilities should be separated from the management contract to provide the Council with greater flexibility over the timescales for delivery and also to maximise the level of interest in the management contract.

2. Introduction

In September 2014, RE and Capita, in conjunction with The Sports Consultancy (TSC) were appointed by the London Borough of Barnet (the Council) to undertake a feasibility study into the future of the Council's leisure centre portfolio. This project forms a key element of the Council's Sport and Physical Activity Review (SPA). It also builds on the work undertaken in the initial phases of the project completed in July 2014.

The Council has five leisure centres, which are currently managed by Greenwich Leisure Ltd (GLL) on a 15-year contract which commenced in 2003 and finishes in December 2017:

- Barnet Copthall Leisure Centre (built in 1975)
- Church Farm Swimming Pool (built in 1960)
- Finchley Leisure Centre and Lido (built in 1996)
- Hendon Leisure Centre (built in 1995)
- Burnt Oak Leisure Centre (built in 2003)

During this period, GLL has made some investment, particularly on the health and fitness side. However, the Council recognises that there are some significant issues with the buildings in terms of their age and condition and in relation to their wider aspirations to improve the health of the borough's population.

Given the timing of the expiry of the existing management contract and the current competitiveness of the leisure management market, it is a good time for the Council to be considering this wholesale review of its leisure portfolio. The size and relative affluence of the borough combined with the potential for investment means that the future management contract has the potential to be a very attractive opportunity.

Finally, it is important to be aware that there are three wider developments taking place (or planned to take place) in the borough which directly impact on this study. They are as follows:

- Saracens FC's aspirations for further development of their Allianz Park stadium (adjacent to Barnet Copthall Leisure Centre) and the wider masterplanning of the Copthall estate
- the Brent Cross/Cricklewood regeneration project, which should have a direct impact on Hendon Leisure Centre
- the potential redevelopment of the Finchley Leisure Centre site and associated leisure park area.

All of these issues will be explored during the study.

2.1 Approach

This report will examine and set out the future shape of the portfolio and will cover the following areas:

- the need for leisure facilities
- the current cost of the Council's leisure facilities
- potential new facility developments and facility mixes
- site options
- capital costs
- revenue costs
- affordability
- procurement issues.

It should be stated at the outset that as the Council is examining its entire facility portfolio, this is a complex project. This project will deliver a view of the deliverability of a range of potential schemes and provide the Council with the information and analysis required to take them forward to the next stage of development.

One of the Council's key aspirations concerns ensuring its leisure facility stock is fit for purpose, meets customers' expectation and supports the improvement of the health of the borough. However, associated with this, there is an imperative to deliver a service that is as **close to neutral revenue cost as possible**. The financial analysis, which takes this position into account is underpinned by a number of assumptions, which are set out within this study. It should be noted at this point that the Council's ability and appetite to fund new facilities through prudential borrowing or other sources has been established through close consultation with the Council's finance officers.

2.2 Methodology

This study seeks to ensure that the findings contained within are built on a combination of specialist input and industry best practice. To provide both transparency and substantiation of the methodology applied, a brief summary is provided below. Further detail including specific assumptions and exclusions can be found within each associated section of the report.

Table 1: Feasibility Study Sources

Feasibility Stage	Methodology and substantiation
Needs assessment and development of appropriate facility mixes at each of the centres (Section 3)	<ul style="list-style-type: none"> ○ The findings of Sport England’s Facility Planning Model – a strategic computer model which assesses the strategic provision need for community sports facilities (in particular, swimming pools, sports halls and synthetic turf pitches). This is the industry-standard model ○ The Leisure Database company health and fitness latent demand reports – these provide detailed analysis of consumer demographics and latent demand for health and fitness facilities within a defined catchment area. They are used by all of the major leisure management contractors to assess demand for health and fitness facilities in a given area ○ Stakeholder consultation with relevant national governing bodies, key user groups and the GLL
Analysis of current portfolio (Section 5)	<ul style="list-style-type: none"> ○ Revenue data provided by Greenwich Leisure Ltd ○ The revenue data was benchmarked against The Sports Consultancy’s Operational Database, which contains over 700 actual financial records from over 300 public leisure facilities in the UK. It enables a wide range of income, expenditure and usage KPIs to be generated for benchmarking purposes. ○ Facility investment costs taken from Council condition surveys (2012)
Site Options (Section 7)	<ul style="list-style-type: none"> ○ Site visits were undertaken with an architect to evaluate suitability of proposed long-list of sites ○ Desktop research to assess the catchment population (using Maptitude GIS software), site size (using Maptitude GIS software) and proximity of public transport ○ Consultation with Council officers to ascertain planning implications and, where appropriate, land values of each site ○ Prioritised sites established using an appraisal matrix to evaluate advantage and disadvantages. Scoring agreed through series of meetings with project team and board.
Capital costs for shortlisted schemes (Section 9)	<ul style="list-style-type: none"> ○ Costed by the Capita QS team. Costs data benchmarked against 12 comparative projects, sourced from Capita records, BCIS and industry published reports. ○ see page 54 for full assumptions and exclusions
10 year revenue projections (Section 10)	<ul style="list-style-type: none"> ○ The revenue projections have been developed using TSC’s operational business planning model. This estimates likely income and expenditure for a given facility. Income is calculated at a zonal level (e.g. swimming pool, sports hall, health and fitness) and expenditure by key cost centres (e.g. staffing, premises, utilities, management costs, NNDR, etc). This model is regularly updated and has been employed in over 100 other projects over the past four years ○ The outputs of the model were benchmarked against the current revenue performance (from GLL – see above) and TSC’s Operational Database (see above). ○ see page 55 for full assumptions and exclusions)

Feasibility Stage	Methodology and substantiation
Affordability Analysis (Section 11)	<ul style="list-style-type: none"> ○ Undertaken in consultation and input from Barnet Council's finance team, assumes <ul style="list-style-type: none"> - Prudential borrowing (confirmed as a viable option for council by the council's finance team), analysed over 25 years at a rate of 4.5% - Land disposal values identified by the Council (Church Farm - £500,000), development contributions toward Finchley and Hendon schemes - Contribution of £750,000 sought from Sport England

Based on above approach, the financial projections contained within the report are, by necessity, cautious in outlook and should be regarded as a guide only. They should be subject to further scrutiny by the client finance team as the project evolves and enters more detailed development phases, and particularly if and where changes to the proposed schemes are made.

3. Needs Assessment

The needs assessment forms the first stage of the study and sets the context in terms of future facility provision. The Council has already undertaken a significant amount of work in this area, so the purpose of this section is not to redo it, but to review and check the findings and to set out the key needs for the future. The assessment focused on the following facility types, all of which form an important part of public leisure provision:

- swimming pools
- sports halls
- health and fitness gyms.

The needs assessment covered the following areas:

- review of the Sport and Physical Activity Needs Assessment report (September 2012)
- Sport England Facility Planning Model results for swimming pools and sports halls
- health and fitness latent demand reports for the borough (from The Leisure Database Company)
- stakeholder consultation.

3.1 Context

Barnet is an outer borough located in the north of the Greater London area. It has a total population of 357,500, making it the 14th most populated authority in England and Wales and the second largest in London. This population is unevenly distributed with greater density in the southern and western areas of the borough (Finchley, Colindale and Hendon) and lower density in the north as the edge of London and a greater proportion of open space is approached.

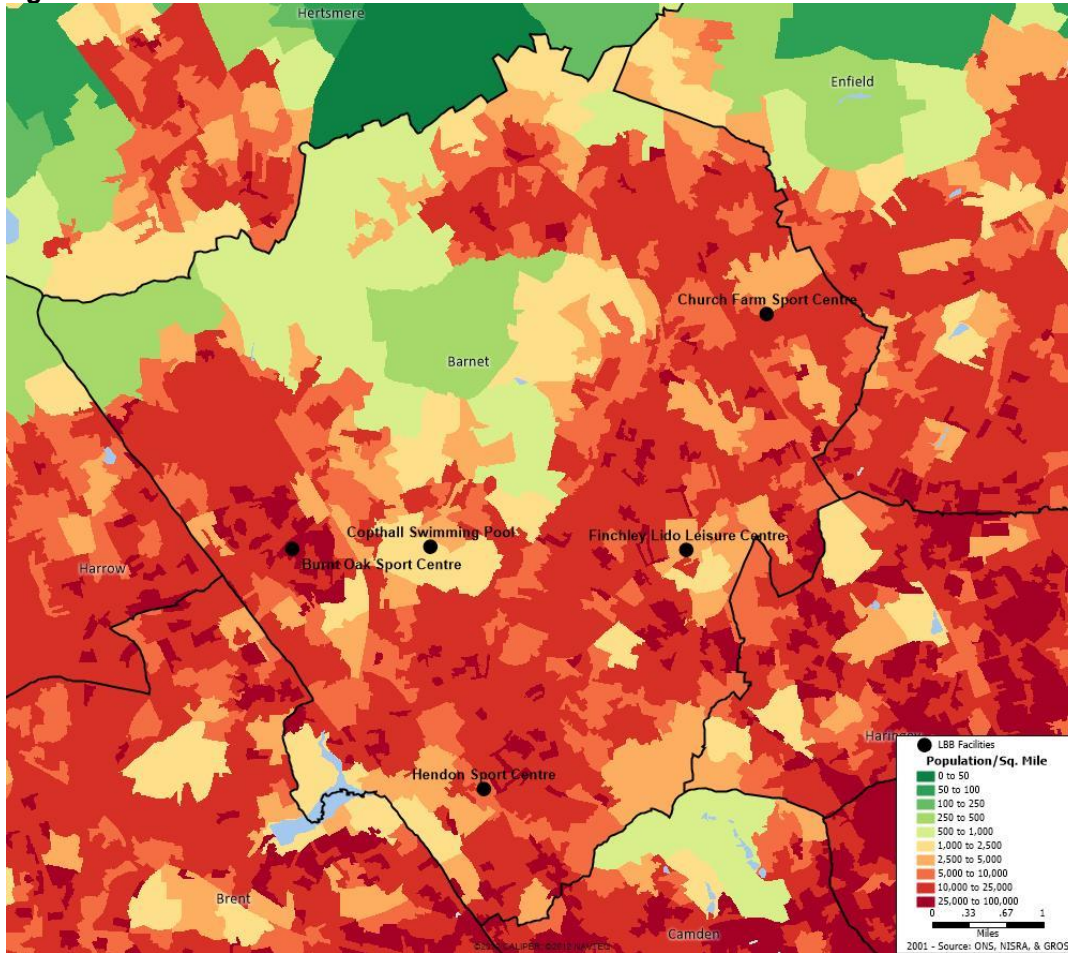
The borough is generally relatively affluent with half of the wards in the top half (i.e. less deprived) of the Index of Multiple Deprivation (IMD). However, there are areas of greater deprivation in the more populated south of the borough, including six wards in the bottom 10% and a further 19 in the bottom 20% compared to England and Wales as a whole.

The Council currently has five leisure centres:

- Barnet Copthall (built in 1975): 25m, 8 lane swimming pool, 25m, 6 lane swimming pool, diving pool with a moveable floor, 97 station health and fitness gym, dance studio and café
- Church Farm (built in 1960): 19m, 3 lane swimming pool and activity hall
- Finchley (built in 1996): 25m, 6 lane swimming pool, leisure water, 100-station health and fitness gym, dance studios, café and lido (circa 25m, 2 lane)
- Hendon (built in 1995): 4-court sports hall, gymnastics hall, 60-station health and fitness gym and dance studio.
- Burnt Oak (built in 2003): 4-court sports hall, 100-station health and fitness gym, dance studios, 2 outdoor grass pitches and 1 synthetic turf pitch (not full size).

The location of the five centres in relation to the population is shown in Figure 1.

Figure 1: Location of the Council's Leisure Facilities



The map shows that the broad locations of the five existing leisure centres correlate well with the areas of densest population. As a result, these five areas will form the basis for this study.

3.1.1 *Sport and Physical Activity Needs Assessment Summary (September 2012)*

This report examined sports participation amongst the Barnet population and the health implications of the behaviours identified.

It found that the population is set to grow partly due to continued in-migration and partly as a result of regeneration and new housing developments. Barnet has an overall population of 357,000 making it the second most populous borough in London. Between 2012 and 2031, the population is projected to increase most significantly in the west and central regions. In the west, the forecast is about 12% growth, mainly due to regeneration schemes and new housing developments. The areas expecting the most significant growth are Colindale (36%) and West Hendon (11%). Conversely, the population in the north is forecast to decrease by 1%.

Barnet is a relatively affluent borough and ranks 165th out of 326 local authorities in England and Wales. Critically, although affluence is increasing, there are large differences in wealth between different parts of the borough. There are priority groups (from a socio-economic perspective) - the largest of which are located in the west and south west, including Burnt Oak, Colindale and Childs Hill and East Finchley (to the east).

The borough's population is less active than the average for London, with 14.8% of residents taking part in three 30-minute sessions of moderate activity per week compared to 17.3% for London as a whole¹. Increasing participation is a key challenge for the Council and leisure centres play an important role in it.

The review also identified a number of gaps in community accessible (i.e. pay and play) provision, as set out below:

- health and fitness: Edgware, Hale, Mill Hill, Totteridge, Garden Suburb and East Barnet
- swimming: High Barnet, Burnt Oak, West Hendon, Golders Green and Childs Hill
- sport halls: Edgware, Hale, Burnt Oak, Mill Hill, West Hendon, Childs Hill and Garden Suburb
- synthetic turf pitches (STPs): High Barnet, East Barnet, Oakleigh, Brunswick Park.

3.2 Sport England's Facilities Planning Model (FPM)

The FPM is the industry standard tool for assessing the requirements for different types of community sports facilities on a local, regional or national scale. It helps local authorities determine a sufficient sports facility provision. For this project, it analysed the supply of and demand for **sports halls** and **swimming pools** in 2014.

3.2.1 *Swimming Pools*

In absolute terms, the provision of swimming pools is above average for London and when compared against its neighbouring authorities, as shown in Table 2.

¹ According to Active People Survey 8.

Table 2: Swimming pool supply

	LONDON	Barnet	Brent	Camden	Enfield	Haringey	Harrow
Number of pools	398	19	7	11	10	8	9
Number of pool sites	282	14	5	8	7	5	8
Water space per 1,000 population (in square metres)	11	12	4	13	8	7	11

However, when considered in the context of population size, Barnet does not have the highest level of provision. Camden has a greater ratio of water space per 1,000 people, with 13 sqm compared to Barnet's 11.

Within the borough, Barnet Copthall has the largest aggregate water space at any one site by a significant margin. As a result, it is home to the highly successful Copthall Swimming Club who use a significant amount of the available programming time. However, it is also one of the oldest which means that there are challenges around providing a modern swimming offer as well as increasing costs associated with maintenance.

Table 3: Swimming pool demand

	LONDON	Barnet	Brent	Camden	Enfield	Haringey	Harrow
Population	8,508,356	384,161	323,186	228,199	318,018	265,478	245,106
Swims demanded – visits per week (peak period)	573,363	25,567	21,787	15,462	21,306	18,194	16,121
Equivalent in water space – with comfort factor included	94,510	4,214	3,591	2,549	3,512	2,999	2,657
% of population without access to a car	40	28	41	60	32	51	23

In terms of demand, as shown in Table 3, the borough generates the highest level in London with 4,214 sqm of water space required at peak times. The FPM also found that only 28% of residents do not have access to a car, which means the majority have increased choice in terms of which swimming pool to use.

The model estimates that 94% of the demand can be met by current provision. This is reflective of the large number of swimming pools in the borough and the high levels of personal mobility. Barnet has only 6% of demand being unmet and the greatest areas of need are in the south of the borough (Hendon area) and moving northwards in a 'V' shape along the western and eastern boundaries.

There are differences in how busy some of the public swimming pools are. For example, three of the pool sites (Barnet Copthall, Finchley and Mill Hill School Sports Centre) are deemed to be 'uncomfortably busy' whereas others are thought to have some spare capacity.

In summary, in terms of swimming provision, the FPM indicates that there is a need (as a minimum) to maintain the current level of provision (particularly given the projected population growth), to address the condition issues at certain sites (including Barnet Copthall) and to consider the potential for additional water space in the south.

The need to maintain current provision is especially critical at Barnet Copthall, which is essential to the strength of Copthall Swimming Club. The fact that this club uses 11 lanes at the centre every night and has 550 child members and that the swimming lesson programme at the centre covers 1,500 people underline the importance of that water space to the borough's needs.

3.2.2 Sports Halls

The number of sports halls in the borough is above average for London; however, the majority located on educational sites.

Table 4: Sports hall supply

	LONDON	Barnet	Brent	Camden	Enfield	Haringey	Harrow
Number of halls	602	26	17	11	22	26	11
Number of hall sites	442	18	13	10	15	17	9
Courts per 10,000 residents	2.7	2.4	2.1	1.9	2.6	3.5	1.8
% of population without access to a car	40	28	41	60	32	51	23

The FPM estimates that there is significant scope to increase the hours that the sports halls on education sites are available to the community. Opening up these sites would provide significant additional capacity in the borough.

When looking at actual supply in terms of courts per 10,000 population, Barnet has 2.4 courts, which is less than the London average of 2.7.

Table 5: Sports hall demand

	LONDON	Barnet	Brent	Camden	Enfield	Haringey	Harrow
Unmet demand as a % of total demand	17.3	14.7	24.0	29.5	11.9	17.8	12.3
Equivalent in Courts - with comfort factor	449.5	16.7	23.8	21.2	11.1	14.9	8.8
% of Unmet Demand due to ;							
Lack of Capacity -	64.7	58.9	67.3	72.9	56.4	72.1	59.3
Outside Catchment -	35.3	41.1	32.7	27.1	43.6	27.9	40.7

Whilst 85% of the demand from Barnet residents can be met, the FPM estimates that the unmet demand equates to circa 17 badminton courts. All publicly available sports halls in the borough are currently used to 100% of capacity made available. This means that unless hours are extended in the peak period (for

example at some of the educational sites in the borough) then additional capacity cannot be provided without new provision.

The FPM identified this key challenge being to open up the education sites for longer to increase the levels of supply and in turn reduce the levels of unmet demand in the borough. This is especially important as delivering new sports hall is likely to be challenging from a financial and planning perspective.

3.3 Health and Fitness Latent Demand Reports

3.3.1 Introduction

The third element of the needs assessment concerned health and fitness facilities, which typically form the most significant part of a leisure centre's income. A series of latent demand reports were commissioned from The Leisure Database Company. These reports provide a detailed analysis of consumer demographics (using Experian's MOSAIC consumer profiling) for a defined catchment area. Catchment areas in areas of London tend to be between one and two miles due to population density and the amount of competition.

The catchments used for this analysis are described below:

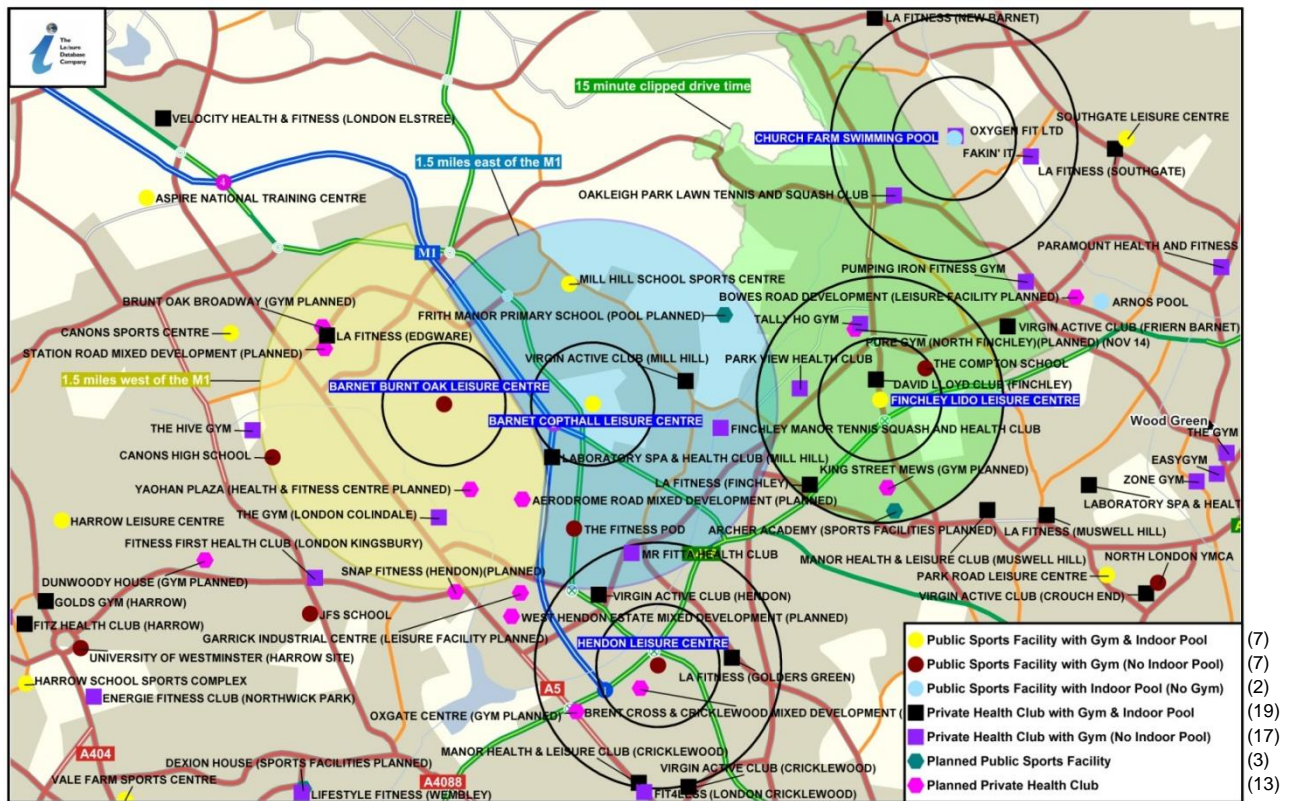
- **Barnet Copthall:** the M1 has an impact in that relatively few current users come from the other side of it and it is therefore unrealistic to include those residents in the catchment. It is also by its nature more of a "drive to" facility, so using a 1.5 mile radius from the site can be justified. On this basis the 1.5 mile radius and the M1 formed the boundary to the catchment. The population density here is slightly lower than elsewhere in the borough and the defined catchment covers 50,000 people
- **Church Farm:** given that this is a more local facility, a one mile radius was used, which covers about 44,000 people
- **Finchley:** given the strong demographics (in terms of size and affluence) and competition in this part of the borough, a one mile catchment was used, which covers 50,000 people
- **Hendon:** a one mile radius was used, which again covered about 50,000. There is a small overlap with Barnet Copthall
- **Burnt Oak:** a one mile radius was used, which covered 80,000 people.

The reports identify the profile of consumers on a postcode basis and their propensity to join a health and fitness club. They also identify competing facilities within the catchment area and current membership numbers. This enables a detailed estimate of latent demand for health and fitness facilities within an area to be deduced.

These reports are used by most major commercial health and fitness operators when making decisions on the location for new gym developments and, as such, they provide a robust and realistic estimate of the potential for additional memberships.

Figure 2 shows the catchment areas used for this analysis and the key competing facilities.

Figure 2: Health and Fitness Catchment Areas (The Leisure Database Company)



The competition in the borough is varied with both premium clubs and budget gym operators represented. In some ways this puts the Council in a good position, in that they can provide a broader facility offer than the cheaper operators, but at a significantly more competitive price than the premium end of the market.

There are five Virgin Active Clubs across south and east, each of which have around 3,500-5,000 members and cost £76-£87 per month. The David Lloyd Club in Finchley is just to the north of Finchley Leisure Centre and has over 9,000 members despite a membership fee of £100 per month.

In terms of budget gym operators, The Gym in Zenith House just off Edgware Road opened in July 2014. Its typical membership is £16.99 per month. There is a low cost option just over a mile to the south (Fit4Less (Cricklewood)). The club is comparatively small (less than 50 stations) but competitively priced (£19.99/month) and is believed to have around 700 members.

A 220-station Pure Gym above North Finchley Bus Station is due to open. Although this may not be regarded as typical budget gym territory, the large numbers of busy people with a high propensity to use

gyms will almost certainly mean that Pure Gym will be looking to provide a completely new membership option.

In August 2014, outline plans were granted for a major mixed development in the Brent Cross/Cricklewood areas to include commercial and residential space, including up to 7,500 homes, a shopping centre, schools and leisure facilities. It is likely that a gym, for which permission has been granted, at the Oxgate Centre would only be of modest proportions.

The overall results of the latent demand analysis by catchment area are set out below.

Table 6: Latent Demand Analysis Results

Facility	Current number of members	% of membership to travel from outside catchment area	Current Demand	Latent Demand
Barnet Copthall	3,500	35%	3,982	482
Burnt Oak	1,500	20%	2,068	568
Finchley Lido	3,000	25%	3,303	303
Hendon Leisure Centre	1,500	30%	1,746	246
Church Farm	N/A	20%	N/A	1,173
Total	9,500	-	11,099	2,772

Overall, the latent demand for health and fitness memberships shown in Table 5 indicates that there is scope for moderate increases to the health and fitness provision at the five Council sites. The findings translate into the following recommendations:

- Church Farm: circa 60-70 stations based on 25 members per station²
- Barnet Copthall: an additional 15-20 stations based on 25 members per station, so 115-120 stations in total
- Finchley: an additional 10-15 stations based on 25 members per station, so 115 stations in total
- Hendon: an additional 10-15 stations based on 25 members per station, so 75-80 stations in total
- Burnt Oak: an additional 20-25 stations based on 25 members per station so 125 stations in total.

3.3.3 Summary

² 25 members per station is the typical benchmark used when planning the size of health and fitness facilities.

Overall, the needs assessment findings are set out at a borough level in Table 6 and at a facility level in Table 7.

Table 7: Needs Assessment Summary

Facility	Summary
Swimming Pools	<ul style="list-style-type: none"> ▪ Good provision of swimming pools with supply and satisfied demand levels above London average. ▪ Ageing swimming pool stock (especially Barnet Copthall) which will not meet the needs of a growing population in the future ▪ Increasing undersupply of water space in the south moving northwards in a 'V' shape along the western and eastern borough borders.
Sports Halls	<ul style="list-style-type: none"> ▪ Need for additional supply to meet the current levels of demand ▪ 15 of the 18 Sports Hall sites in Barnet are located on educational site and to meet the unmet demand there is significant scope to increase the hours that these facilities are available to the community.
Health and Fitness Suites	<ul style="list-style-type: none"> ▪ The latent demand reports indicate a need for up to 150 additional health and fitness stations across the borough.

Taking this analysis a stage further, Table 8 presents the key observations at the five locations.

Table 8: Needs Assessment Summary by Site.

Facility	Facility Type	Summary
Barnet Copthall	Swimming Pools	<ul style="list-style-type: none"> • Good provision of swimming pools (in terms of quantity) with supply and satisfied demand above the London average. • Ageing swimming pool stock (especially Church Farm and Barnet Copthall) which will not meet the needs of a growing population in the future.
	Sports Halls	<ul style="list-style-type: none"> • The FPM estimates that there is a need for additional supply to meet current demand. • To meet the unmet demand there is significant scope to increase the hours that the educational facilities are available to the community.
	Health and Fitness Suites	<ul style="list-style-type: none"> • A latent demand of 482 members, which equates to an additional 15-20 stations based on 25 members per station, so 115-120 stations in total
Burnt Oak	Swimming Pools	<ul style="list-style-type: none"> • No swimming pool provision at present • There is an increasing undersupply of water space in the borough causing unmet demand in south moving northwards in a 'V' shape along the western and eastern borough boundaries, which covers this area. Any proposals here would have to be considered in the context of the proposals for Hendon.
	Sports Halls	<ul style="list-style-type: none"> • Existing 4 court sports hall is available 33 hours a week during peak period. It has 660 visits per week (peak period) and has 100% of capacity used.
	Health and Fitness Suites	<ul style="list-style-type: none"> • A latent demand of 568 members, which equates to an additional 20-25 stations based on 25 members per station.
Finchley	Swimming Pools	<ul style="list-style-type: none"> • The pool is deemed 'uncomfortably busy' and the lack of a separate learner pool is a constraint. The lido, although popular in the summer, is not integral to the facility.
	Sports Halls	<ul style="list-style-type: none"> • The FPM estimates that there is a need for additional supply to meet current demand. • To meet the unmet demand there is significant scope to increase the hours that the educational facilities are available to the community.
	Health and Fitness Suites	<ul style="list-style-type: none"> • A latent demand of 303 members, which equates to an additional 10-15 stations based on 25 members per station, so 115 stations in total.

Facility	Facility Type	Summary
Hendon	Swimming Pools	<ul style="list-style-type: none"> No swimming pool provision at Hendon Leisure Centre. There is an increasing undersupply of water space in the borough causing unmet demand in south moving northwards in a 'V' shape along the western and eastern borough boundaries, which covers this area. Hendon currently serves the south of the borough and the Brent Cross/Cricklewood regeneration proposals make this an obvious opportunity for addressing this undersupply.
	Sports Halls	<ul style="list-style-type: none"> Existing 4 court sports hall is available 38 hours a week during peak periods. It has 1,520 visits per week (peak period) and has 100% of capacity used. The success of the gymnastics club means that sports hall provision at Hendon is essential.
	Health and Fitness Suites	<ul style="list-style-type: none"> A latent demand of 246 members, which equates to an additional 10-15 stations based on 25 members per station, so 75-80 stations in total
Church Farm	Swimming Pools	<ul style="list-style-type: none"> Ageing facility that is not fit for purpose and should be replaced. The pool is a not standard size (19m long) The east of the borough is generally poorly provided for in terms of facilities The FPM estimates that there is a need for additional supply to meet current demand.
	Sports Halls	<ul style="list-style-type: none"> To meet the unmet demand there is significant scope to increase the hours that the educational facilities are available to the community. However, there is a general lack of facilities in the east of the borough so additional provision could be considered here, although not as a priority.
	Health and Fitness Suites	<ul style="list-style-type: none"> A latent demand of 1,173 members, which equates to circa 60-70 stations based on 25 members per station.

3.4 Stakeholder Consultation

The final element of the needs assessment was consultation with key stakeholders to understand better the issues they face in terms of leisure facility provision. Between October and November 2014, conversations and meetings were held with the following organisations:

- six London boroughs, including the five neighbours and Waltham Forest.
- national governing bodies for gymnastics, swimming and diving
- managers of the Copthall Swimming Club and Hendon Gymnastics Club.

The 11 consultees were asked to comment on the following:

- their strategic priorities in terms of leisure provision
- significant developments/refurbishments of facilities and sports development plans that may affect supply & demand in the area
- existing uses and specific strengths/weaknesses/ opportunities with current provision regionally
- potential future interests, management or anticipated usage.

In parallel, a consultation exercise was undertaken as part of the broader SPA programme. This included consultation with key stakeholders including Sport England, Saracens FC, Middlesex University and other commercial operators at the Copthall estate. A public market research exercise was undertaken involving a series of focus groups, a telephone survey and an online questionnaire. The findings are provided within the SPA Outline Business Case, which encompasses this report.

The consultation undertaken with the feasibility study identified some key issues, which are set out in the following paragraphs.

3.4.1 Key issues from the consultation

Cost saving, usage and re-procurement of contracts:

- a high priority for boroughs was the need to increase usership and convert a revenue cost to income. Harrow, Brent, Harringey, Enfield and Waltham Forest have all retendered their operations in the last few years and have bundled this with improvements to facilities. In all cases increased take up and revenue improvements (to a positive income stream) were reported.
- there is some interest (Harrow) and experience (Brent and Enfield) in local authorities in cross-border collaboration on leisure provision.
- National Governing Bodies have key performance indicators around increased uptake of their sports.

Major developments and refurbishments:

- although several facilities in neighbouring boroughs are undergoing refurbishment, no major developments were identified likely to impact on need in Barnet. This is particularly relevant for the east of the borough where existing provision (in quantity terms) is poor.

Gymnastics provision is oversubscribed in Barnet and across the region:

- gymnastics provision is constrained across the region and there is a common interest in working together to provide for this (but not necessarily to fund it). Hendon Gymnastics Club is very successful and over-subscribed and looking to expand provision.

Competitive swimming and water space:

- Copthall Swimming Club (in the top five in the UK) is very strong, with 1,300 club members and 1,500 learners. A member of the club has participated in every Olympics since 1980. Having two 25m pools in one building is key to the club's regular competitive success.
- consultation with the Amateur Swimming Association (ASA) echoed the importance of the Barnet swimming programme and emphasised the benefit of dual pools as a means of maintaining a strong competitive programme and available water space for casual swimmers.
- the strength of support for the water space and swimming club has been echoed by the interim (at the completion of this report) findings of the online survey. Sixteen survey responses commented specifically on the quality of coaching and availability of facilities at Copthall. In addition a further 34 respondents noted that the inclusion of a 50m pool in any re-developed facility would improve their centre (a 50m pool is not recommended within this study – this is discussed in greater detail within Section 6, p.36).
- from a borough wide perspective and factoring in population growth to 2021. The ASA recognises the provision of an additional 25m pool as a priority for Barnet. Whilst supportive of the Lido and leisure water at Finchley, neither are regarded as a priority due to the limitations of the availability (lido open two months per year) and unsuitability of design for swimming lessons/competition.

Lack of dryside facilities limits potential for diving facilities at Copthall

- Barnet Copthall is one of only three centres in London with 5m platform however diving usership is limited by lack of dryside facilities. There are around 30 members of the diving club and 30 in synchronised swimming, each use the diving pool 3 days per week (outside these times the moveable floor enables pool to be used for exercise and mother and baby classes).
- British Diving noted that national competitions are viable at Barnet Copthall due to the 5m platform. However, the primary limiting factor for clubs is availability of dry side facilities, e.g. time in sports halls with dry dive boards on to crash mat, trampolines, wallbars and storage space. Without 'dry side' (at Copthall) competitiveness is limited. Club members can progress despite limits on facilities but must have links into the 'beacon centres' such as Luton.

4. Site Visits

Following completion of the needs assessment and consultation, site visits were undertaken (in October 2014). The purpose was to review and understand the condition and usage of the existing buildings and the opportunity for redevelopment or improvement.

4.1 Barnet Copthall

The key points at Barnet Copthall were as follows:

- the centre is part of the core of facilities on the estate, centrally located alongside Allianz Park stadium, Metro Golf, Powerleague and other outdoor sports pitch provision
- the centre is 40 years old, is approaching the end of its cost effective life and presents significant operational challenges to GLL
- the health and fitness suite has recently been refurbished (resulting in a strong performing suite of 30 members per station); however, there are condition issues in other parts of the facility, e.g. the pool tanks, which have suffered leaks in recent years
- there is a strong swimming programme across the three pools, led by Copthall Swimming Club
- the location of the café, which is not prominent, is a limitation
- there is limited studio space (only one); for a facility of this size two or three would be expected
- given its age, it presents some challenges for disabled users
- overall, the location of the building within the Copthall estate is not ideal; it would benefit from better signage and a more prominent position.

4.2 Church Farm

The key points at Church Farm were as follows:

- generally it is in a very poor condition and there are known condition issues with the pool roof
- the pool is not a standard size (19m long)
- persevering with the existing building should not be considered given its condition, the lack of dryside facilities to complement the swimming provision and the site constraints. It has reached the end of its cost effective life

- the reception area is very restricted
- given its age and size, it presents some challenges for disabled users
- the site itself is not ideal as it is significantly constrained and secluded from the main road
- the car park is also restricted, which limits usage
- despite the constraints, there is a good school swimming programme, which should form an important part of a new pool
- there is a local and loyal customer base.

4.3 Finchley

The key points at Finchley were as follows:

- it is located on the same site as other leisure and retail establishments, which generates good crossover usage
- there is a good level of parking provision
- there is currently some refurbishment being undertaken to improve tired areas of the building (e.g. changing rooms and health and fitness suite)
- there is a strong health and fitness programme of 30 members per station, which is expected to strengthen following completion of refurbishments
- there are some practical/layout issues, particularly with the café location (within the wet-side changing area), as well as the lack of a learner pool (which limits the lesson programme)
- there is a small lido, which, although fairly well used during the summer months, is limited in its opening across the year (circa two months)
- as part of a broader master planning exercise for the entire leisure park there may be opportunities to explore mixed use development and developer contributions.

4.4 Hendon

The key issues at Finchley were as follows:

- overall the Centre appears to be in a good condition, which reflects its being newer than a number of the other venues (1995)
- the main constraint is the location (not visible from nearby roads and not close to public transport) and the fact that it is surrounded by other developments, which leaves no space for expansion
- there is insufficient parking, which limits usage
- the Centre has a strong gymnastics programme and reasonable health and fitness performance of 23 members per station
- the indoor climbing wall is under-used
- the centre is located in the Brent Cross/Cricklewood regeneration area, which will put pressure on its future usage. Re-provision should be incorporated into the future plans for the area.

4.5 Burnt Oak

The key points at Burnt Oak were as follows:

- externally, the Centre would benefit from re-decoration to improve the appearance
- internally, it is in a good condition with only minor refurbishment needed
- the health and fitness suite has recently been extended and refurbished and is now of good quality
- there is plenty of studio space, which should result in a better performance than the current 14 members per station
- the centre has a sand-filled STP, which is in a state of disrepair and requires resurfacing as a matter of priority
- the centre boasts a number of community facilities, including a nursery, two outdoor grass pitches and three outdoor courts
- the centre operates at nil revenue cost; however, with its current facility mix, it should be performing better.

5. Current Portfolio

At this point, a clear picture of the future leisure need and the condition of the existing portfolio is emerging. In this section, the latter is examined further in terms of current financial performance. This is an important foundation for looking at the future cost of the service as it will provide an understanding of the strength of performance and the potential for improvement (particularly when combined with capital investment).

As discussed in the introduction, the Council's five leisure centres are currently managed by GLL on a contract that expires in December 2017. The Council's current contract includes an annual management fee paid to GLL. For the next three years, it will be as follows:

- 2015 - £1.16 million
- 2016 - £1.20 million
- 2017 - £1.39 million.

This section will cover three areas:

- summary of current performance (based on 2011, 2012 and 2013 figures)
- benchmarking of current performance
- condition of the existing buildings.

5.1 Summary of the current performance

A detailed summary of performance of each of the centres over the last three years has been undertaken. The key points are as follows:

- turnover has increased by nearly 18% in that period
- expenditure has increased by nearly 5% in that period
- of the centres, both Finchley and Burnt Oak made a small operational surplus in 2013
- Finchley is the Council's most financially successful centre, generating a small operational surplus and having a strong membership base of circa 3,000.
- Barnet Copthall has the highest turnover of the five centres and a strong membership base (3,500); however, it is also the highest net cost and this is due to its age and the operational issues this brings with it.

5.2 Condition of the existing buildings

In 2012, the Council undertook condition surveys of all five centres covering the next 25 years.

Overall, the surveys identified £9.9 million of repairs, with half (£5.1 million) required in the following ten years and two-thirds (£6.5 million) in the next 15 years. Finchley has the least onerous requirements at £553,000. After this, Church Farm requires £1.6 million and the remainder is split fairly evenly between the other three sites (in the region of £2.5 million at each). However, given that Church Farm is by far the smallest of the facilities, the extent of the investment requirement underlines the issues with that building.

The findings of the condition surveys are summarised in Table 9 below.

Table 9: Condition survey findings for the current portfolio

	Year 1	Year 5	Year 10	Year 15	Year 25	Total
Church Farm	£7,683	£443,733	£336,028	£186,726	£618,940	£1,593,110
Barnet Copthall	£2,061	£1,148,700	£355,908	£315,425	£932,103	£2,754,197
Finchley Leisure Centre	£17,153	£258,924	£101,497	£62,684	£112,636	£552,894
Hendon Leisure Centre	£9,333	£356,872	£827,556	£430,141	£939,585	£2,563,487
Burnt Oak Leisure Centre	£1,700	£565,421	£628,811	£484,336	£723,872	£2,404,140
	£37,930	£2,773,650	£2,249,800	£1,479,312	£3,327,136	£9,867,828

The above costs relate do not reflect any revenue loss that may result from full or partial closure during repair work. The future cost of continuing with the existing portfolio as-is is explored more thoroughly in Section 10.

6. Future Facility Options and Mixes

Taking into account the needs assessment and consultation, site visits and review of current performance and condition surveys, the recommended investment schemes at each of the five sites is set out below.

6.1 Church Farm

It is clear that there are significant condition issues at Church Farm, which has been backed up by the condition surveys and site visits. Allied to this, financial performance is weak and it unlikely to improve given the condition and the limited facility mix. The site is also constrained and poorly located for attracting users.

On this basis, and given the clear need for additional swimming and health and fitness provision in this part of the borough (particularly given the forecasted population growth), a new wet and dry centre with the following key facility mix is proposed:

- 25m, 6 lane pool
- Learner pool with moveable floor
- 70-75 station gym
- 2 dance studios
- Café.

In addition, given the lack of provision in the area, the inclusion of a six-court sports hall should also be examined.

Church Farm is the **highest priority** of the five centres.

6.2 Barnet Cophall

This should be the centrepiece facility of the Council's contract. Alongside the continued investment in the Allianz Stadium and the mix of sports located within the wider estate, the development of new facilities at Cophall is an opportunity to develop a hub of sport.

Financially, it performs strongly in income terms; however, the age and layout make it a costly building to run and mean it is the most expensive facility in the portfolio. Given that it is 40 years old, refurbishment is not going to provide a long-term solution and therefore a new facility should be provided. The needs assessment and consultation has underlined the strength of the current swimming programme and of Cophall Swimming Club and consequently the existing level of water space should be maintained.

The inclusion of diving within a new facility mix is more difficult to justify given the level of investment needed at other facilities and given that it is a relatively peripheral element of the swimming club.

Inclusion of a 50m pool (instead of two 25m pools) was also considered and discounted for the following reasons:

- in the consultation, Copthall Swimming Club indicated that the current arrangement with two separate pools gives them the appropriate level of flexibility in terms of training and competition
- a 50m pool in this location is not a strategic priority for the ASA
- inclusion of a 50m pool is likely to have a negative impact from a revenue perspective given the significantly greater body of water and increased lifeguarding costs
- 50m pools are less suitable for community swimming than 25 pools given the need to maintain the pool at a lower temperature for elite swimming purposes and the greater depth.

Therefore, the proposed facility mix for the new centre is as follows:

- 25m, 8 lane pool
- 25m, 6 lane pool
- learner pool with moveable floor
- 110-115 station gym
- 2 dance studios
- spinning studio
- café.

An option to include a diving pool will also be examined.

Barnet Copthall is deemed to be the **second priority**.

6.3 Finchley

This is the Council's most successful site in financial terms, helped as it is by its location on a leisure park. Retaining this feature as part of any future proposals is important.

The centre does not pose an immediate priority to the Council, given its success and the fact that GLL is currently investing further in the health and fitness provision. However, as it is approaching 20 years old, within the next five years it is likely to start to present some issues. It should also be recognised that there are some limitations to the current building (e.g. the lack of a learner pool and the location of the café within the wet changing) which ideally should be addressed.

Opportunities to deliver the facility as part of a broader re-development of the leisure park are under exploration. However, the likely timescale of this is within the next five years. Once these plans have progressed further, the following facility mix for a new centre should be the Council's aspiration:

- 25m, 6 lane pool
- learner pool with moveable floor
- leisure water/splashpad space
- 100-110 station gym
- 2 dance studios
- café.

It is important to recognise that part of the attraction of the centre is the leisure water, which provides a more informal swimming option unavailable elsewhere in the borough. Therefore, some form of leisure water/splashpad provision should be included in the future facility mix. As for the lido, given that it is very small, a non-standard size, is not deemed as a priority by either British Swimming or Sport England and is a seasonal facility, it should not be a priority in the future facility mix.

Finchley is deemed the **third priority**.

6.4 Hendon

Like Finchley, Hendon does not present immediate concerns to the Council; however, in the longer term with the Brent Cross/Cricklewood regeneration scheme, there is an excellent opportunity to deliver a modern facility for the south of the borough potentially at no cost to the Council. The needs assessment set out a need for additional water space now in the south, which could be addressed by this scheme. The anticipated regeneration will create additional demand, which strengthens the case for provision here. It should also incorporate the gymnastics facilities as a priority given the strength and popularity of the local club. On this basis, the proposed facility mix for this scheme is as follows:

- 25m, 6 lane pool
- learner pool with a moveable floor
- 80-station health and fitness gym
- 2 dance studios
- gymnastics hall
- 4-court sports hall
- cafe.

Hendon is deemed the **fourth priority**.

6.5 Burnt Oak

There are some more minor conditions issues at Burnt Oak, in particular around the STP. However, it is broadly a good facility and given the priorities at other locations, it can continue in its current format. Income performance is not as strong as elsewhere; however, under a retendered contract an improved position can be expected.

Burnt Oak is deemed the **fifth priority**.

7. Site Options Appraisal

As the proposals for each facility have now been set out, the next task is to consider where they should be located. For some, namely Barnet Copthall, Hendon and Burnt Oak, it is a fairly simple exercise at this stage:

- **Barnet Copthall:** within the Barnet Copthall estate, there are a number of future location options, all of which are not on the footprint of the existing facility and, thus, will allow continuity of service during construction – this is the critical factor in determining a new location. The masterplanning exercise, which has been undertaken in parallel with this study, has identified the area to the east of the current building as the location for a new facility.
- **Hendon:** the redevelopment of Hendon should form part of the Brent Cross/Cricklewood regeneration scheme and therefore a site cannot be determined now. Instead, the findings of this study will help to inform the selection of an appropriate site and the mix of uses.
- **Burnt Oak:** this facility will continue on its current site.

This leaves two sites that require more detailed analysis - **Church Farm** and **Finchley**. For Church Farm, re-provision on the existing site is not realistic, given the limitations discussed elsewhere in this report. Other locations must be considered. For Finchley potential alternatives should be considered in more detail as part of a comprehensive review of the whole site and its environs.

In order to determine the most appropriate site(s), it is important that an objective analysis is undertaken. Therefore, the following process was followed:

- Stage 1 - identification of a long-list of sites by the Council
- Stage 2 - agreement on a list of criteria for evaluating each site (and a weighting of them)
- Stage 3 - visits to each site
- Stage 4 - evaluation and scoring of each site
- Stage 5 - moderation of scoring within project team
- Stage 6 - identification of preferred site or sites.

The project team agreed on the following criteria and weightings were used for the appraisal:

- planning - status of land/planning history (5%)*
- planning - visual amenity impact (5%)*
- planning - community impact (10%)*
- planning - links to/impact on wider site (5%)*
- location & revenue generating potential (20%)
- accessibility & transport (15%)
- potential for capital receipts (10%)

- site ownership & alternative planned uses (20%)
- site capacity and condition (10%).
- each site was scored against each criterion on a scale of 1 to 3.

(* Therefore, in total planning considerations account for 25% of the weighting)

7.1 Finchley

Four potential sites were identified by the Council:

- **Site A - Existing leisure centre site:** it is approximately 6,500 sqm in size and includes the lido and grass area to the rear of the existing building
- **Site B - Glebelands Open Space:** this is the area to the east of the existing site and is bordered to the south by the North Circular road. It comprises sports pitches and a nature reserve and is approximately 56,500 sqm in size
- **Site C - Finchley Memorial Hospital:** this site is located on the other side of the A1000 and forms part of the Finchley Memorial hospital site. It is approximately 11,000 sqm in size and has previously been put forward as a potential location
- **Site D - Bowls Club site.** This is the land immediately to the north of the current leisure centre and incorporates an indoor bowls hall, outdoor rinks and a social club. It is approximately 5,800 sqm in size.

The locations of these sites are shown on Figure 3.

Figure 3: Finchley site locations



The evaluation of the four sites is set out in Table 10, followed by the advantages and disadvantages of each in Table 11.

Table 10: Finchley Site Evaluation

Ref	Proposed Criteria	Criteria weighting	Site A - Existing site		Site B - Glebelands Open Space		Site C - Finchley Memorial Hospital		Site D - Bowls Club sites	
			Raw	Weighted	Raw	Weighted	Raw	Weighted	Raw	Weighted
1	Planning - status of land/planning history	5%	3	5%	1	2%	2	3%	1	2%
2	Planning - visual amenity impact	5%	3	5%	1	2%	2	3%	3	5%
3	Planning - community impact	10%	2	7%	2	7%	2	7%	3	10%
4	Planning - links to/impact on wider site	5%	3	5%	1	2%	1	2%	3	5%
5	Location & revenue generating potential	20%	2	13%	2	13%	2	13%	3	20%
6	Accessibility & transport	15%	3	15%	2	10%	2	10%	3	15%
7	Capital receipts	10%	1	3%	3	10%	3	10%	3	10%
8	Site ownership & alternative planned uses	20%	3	20%	1	7%	1	7%	2	13%
9	Site capacity and condition	10%	3	10%	3	10%	3	10%	3	10%
Total weighted score		100%	83%		62%		65%		90%	
Site Ranking			2		4		3		1	

Table 11: Advantages and Disadvantages of the Finchley site options

	Site A - Existing site	Site B - Glebelands Open Space	Site C - Finchley Memorial Hospital	Site D - Bowls Club sites
	Advantages	Advantages	Advantages	Advantages
1	No acquisition costs	Continuity of service could be delivered	Continuity of service could be delivered	Continuity of service could be delivered
2	Sufficient size	Sufficient size	Sufficient size	Sufficient size
3	No displacement of users in long-term	Potential to generate capital contribution from development of existing site	Potential to generate capital contribution from development of existing site	With careful design, the inter-relationship with other site occupants could be maintained
4	Inter-relationship with other site occupants retained		Potential public health links with hospital in terms of healthy living/GP referral, etc and enhanced open space/leisure offer	Potential to generate significant capital contribution from development of existing site
5	Visible on main road			Opportunity to create a link through to Glebelands Open Space and make it more accessible to the community
	Disadvantages	Disadvantages	Disadvantages	Disadvantages
1	Would not give continuity of service, so there would be a financial impact	Likely to be unachievable from a planning perspective	Land is owned by NHS	Site might be less visible located behind existing development
2	Would lose opportunity to realise capital contribution from development of current site by owner	Loss of inter-relationship with other site occupants	Loss of inter-relationship with other site occupants	Multiple leases apply to existing site users
3		Depending on location within site, likely to be less visible	Site is away from main road and transport routes	May need to be encroachment onto Glebelands to accommodate existing site users and this could have implications on the pitch provision
4		Loss of playing pitches would need to be addressed	Residents on Granville Road are likely to object to proposals	A complex option to deliver due to multiple stakeholders (bowls clubs, developer, etc)
5				

7.1.1 Summary

For Finchley, redevelopment on the **bowls club** site (Site D) appears to be most suitable. However, it would need to be considered as part of a broader masterplanning exercise for the estate. Overall, the benefits of this site make it the preferred option. As well as the potential to establish development contributions toward the facility cost, it would also – assuming careful design – allow the maintenance of the links with the other users of the site and thus the complementary usage, which is important to the current facility. It would also present the opportunity to open up a simpler access to Glebelands Open Space for the public from the west.

A wholesale move to the Glebelands site (Site B) would be too sensitive given the playing pitches, metropolitan open land and nature reserve.

Relocating to the hospital site (Site C) would inevitably break the link with other site users to the detriment of the centre.

Re-provision on the existing site (Site A) would impact on the scheme financially as continuity of service could not be achieved (i.e. the centre would have to close during redevelopment).

For the preferred site, two issues need to be addressed: firstly, the re-provision of the outdoor bowls facility (potentially on Glebelands); and, secondly, the potential loss of a football pitch on Glebelands (which is an area of high demand for pitches). This could potentially be covered by the provision of a 3G pitch, but this would require further discussion, including with Sport England as the statutory consultee on playing pitch issues.

Given the complexity of this scheme, it should be a longer-term aspiration (potentially 5-7 years away); however, this should not be a significant issue given that the current facility is relatively successful and its condition does not pose immediate concerns. Replacing this facility is not the highest of the priorities for the Council.

7.2 Church Farm

Six sites were identified for Church Farm including, for completeness, the existing site (although as discussed elsewhere in the report, it is our view that it is not appropriate). The full list appraised was:

- **Site E - Existing site:** approximately 1,900 sqm in size
- **Site F - Oakhill Park:** the area identified is at the southern end of the park at the location of the existing tennis courts (which will be re-provided)
- **Site G - New Southgate Recreation Ground:** the area identified is at the southern end of the park. The total park area is 54,000 sqm in size
- **Site H – Victoria Recreation GroundNew Barnet:** this area is in the north of the borough and forms part of the East Barnet town centre redevelopment.
- **Site I - Brunswick Park Recreation Ground:** this site is a short way to the south of the Church Farm and Oakhill Park sites. The total park area is circa 41,000 sqm in size
- **Site J - Cat Hill/Park Road:** this site is the former playing field of Danegrove Primary School and is located at the junction of Cat Hill and Park Road. It is 8,200 sqm in size.

There are clearly issues with the existing site, which make it unsuitable for redevelopment as a leisure facility. Firstly, it will not be possible to deliver new facilities whilst continuing service. Secondly, it is not visible from Church Hill Road, which means many potential users are not aware of it. Thirdly, a typical wet and dry leisure centre built to modern standards and capable of accommodating the facility mix set out in Section 8 would require a site of circa 7,000 sqm as a minimum, so it is not large enough.

The locations of the sites are shown in Figure 4.

Figure 4: Church Farm Site Locations



The evaluation of the six sites is set out in Table 12 followed by the advantages and disadvantages of each in Table 13.

Table 12: Church Farm Site Evaluation

Ref	Proposed Criteria	Criteria weighting	Site E - Existing site		Site F - Oakhill Park (cafe pavilion site)		Site G - New Southgate Recreation Ground		Site H - New Barnet		Site I - Brunswick Park Recreation Ground		Site J - Cat Hill/Park Road	
			Raw	Weighted	Raw	Weighted	Raw	Weighted	Raw	Weighted	Raw	Weighted	Raw	Weighted
1	Planning - status of land/planning history	5%	3	5%	2	3%	1	2%	2	3%	1	2%	2	3%
2	Planning - visual amenity impact	5%	2	3%	2	3%	1	2%	3	5%	2	3%	2	3%
3	Planning - community impact	10%	1	3%	2	7%	2	7%	3	10%	2	7%	3	10%
4	Planning - links to/impact on wider site	5%	1	2%	3	5%	2	3%	2	3%	3	5%	2	3%
5	Location & revenue generating potential	20%	1	7%	3	20%	1	7%	2	13%	3	20%	3	20%
6	Accessibility & transport	15%	2	10%	3	15%	3	15%	3	15%	3	15%	3	15%
7	Capital receipts	10%	0	0%	1	3%	1	3%	3	10%	1	3%	1	3%
8	Site ownership & alternative planned uses	20%	3	20%	1	7%	1	7%	2	13%	1	7%	2	13%
9	Site capacity and condition	10%	1	3%	2	7%	3	10%	2	7%	2	7%	3	10%
Total weighted score			100%		53%		70%		55%		80%		68%	
Site Ranking			6		3		5		2		4		1	

Table 13: Advantages and Disadvantages of the Church Farm site options

Site E - Existing site	Site F - Oakhill Park (cafe pavilion site)	Site G - New Southgate Recreation Ground	Site H - New Barnet	Site I - Brunswick Park Recreation Ground	Site J - Cat Hill/Park Road
Advantages	Advantages	Advantages	Advantages	Advantages	Advantages
No acquisition costs	Continuity of service could be delivered	Continuity of service could be delivered	Continuity of service could be delivered	Continuity of service could be delivered	Continuity of service could be delivered
No displacement of users in long-term	Sufficient size (although see comment below on trees)	Sufficient size	Good transport links close to New Barnet station and bus routes	Relatively visible location on main road - only set back a short way with an entrance area	Sufficient size
Location within the borough is good	Visible location on main road	Relatively flat site (southern section), so no major groundworks required	Potential for capital receipt to contribute to development via Community Infrastructure Levy	Sufficient size	Highly visible location at junction of two main roads
Well connected to public transport - bus routes & Oakleigh Park station	Relatively flat site, so no major groundworks required	Site unlikely to be subject to alternative proposals, so there is no development value in it	Set within a wider development, and thus potential additional users	Relatively flat site, so no major groundworks required	Potential for link to Danegrove School in terms of usage
	Well connected to public transport - bus routes & Oakleigh Park station			The park is not heavily utilised at present	
	Site unlikely to be subject to alternative proposals, so there is no development value in it			Potential to deliver associated benefits to park - upgrade of grass pitches and linking usage	
	Potential to deliver associated benefits to park - replacement of existing changing block and upgrade of grass pitches and linking usage to centre			Fairly well connected to public transport - bus routes	

Disadvantages	Disadvantages	Disadvantages	Disadvantages	Disadvantages	Disadvantages
Site too small to accommodate appropriate facility mix and parking	Metropolitan Open Land - potentially highly sensitive from a planning perspective	Metropolitan Open Land - potentially highly sensitive from a planning perspective	Located much further north and closer to less populated areas (smaller catchment size)	Metropolitan Open Land - potentially highly sensitive from a planning perspective	Site is designated as a school playing field and there are some doubts over developing on it
Site not visible from road + poor/constrained access	There are a number of mature trees located on the site, which could pose challenges in terms of the layout and siting of the centre	Inappropriate location - too far south and would encroach on the Finchley catchment, while leaving the north-easts of the borough unserved	Depending on location with development, centre might not be prominent to users	Potential floodplain issues that would need to be investigated further	Residents on Park Road are likely to object to proposals
Would not give continuity of service	Residents on Parkside Gardens are likely to object to proposals	Potential loss of playing pitches to accommodate centre	Site availability needs to be confirmed	Previous attempts to deliver community/joint service centre on site failed	The Cat Hill/Park Road junction is busy at peak time, so there may be transport issues
Would lose opportunity to sell site and secure a capital receipt	Pavilion on site is under lease to a third party until 2028, with a review not due until 2018				Site elevation means that any development on it would have a high visual impact on residents

Two of the sites (Oakhill Park and Brunswick Park Recreation Ground) would in our view work well as they are the right size, close to the current facility (so in the right catchment area) and are close to public transport links. However, they are both designated as metropolitan open land and, in the Council's view, development on them would be a significant challenge. There is a sizeable risk that planning permission

could not be achieved. For this reason and despite the fact that they both have merits, they have been discounted.

Of the remaining four sites, **Cat Hill/Park Road** is the most suitable assuming that the designation as a school playing field can be satisfactorily resolved.

Of the remaining three, Victoria Recreation Ground could be considered. It also has its merits, in that there could be funding available for it via the Community Infrastructure Levy (not available to the other sites). However, one significant limitation on it is its location within the borough. In our view, it is too far north. Given the population distribution (i.e. population density decreases as one moves north), a facility in this area would have a smaller catchment population (circa 50% less than for Oakhill or Brunswick Park based on a one mile radius). Although a centre here should still be financially successful, it would inevitably be at a lesser level than one of the locations further south.

For Church Farm, three of the sites could accommodate the new centre: Oakhill Park, Brunswick Park and Cat Hill/Park Road. In the evaluation the scoring between the three of them was very close (82% to 85%) and clearly higher than for the others. However, in planning terms, all three do present issues, although none of them are insurmountable. The main advantages of the three compared to the others are that they are relatively close to the existing facility (so from a catchment population perspective would work well) and are large enough.

8. Summary of Facility Mixes and Sites

Having considered the potential sites for the proposed developments, the report will now focus on the financial implications and affordability. The proposed facility mixes and sites that will be used for the revenue projections and the affordability analysis are set out below. They have been set out in our considered order of priority.

Priority 1: Church Farm

The proposal is for a new wet and dry centre at Cat Hill/Park Road to include the following key facilities:

- 25m, 6 lane pool
- learner pool with moveable floor
- 70-75 station gym
- 2 dance studios
- café.

An option to include a 6-court sports hall should also be considered as the needs assessment indicated a demand. Although not included in the indicative designs provided – alternative versions without the hall are available under separate cover.

Priority 2: Barnet Copthall

The proposal is for a new wet and dry centre within the Copthall estate to include the following key facilities:

- 25m, 8 lane pool
- 25m, 6 lane pool
- learner pool with moveable floor
- 110-115 station gym
- 2 dance studios
- spinning studio
- café.

There will be an alternative option to examine the inclusion of a diving pool with moveable floor instead of a learner pool.

The current preferred location to the west of the existing site addresses this to an extent while not entirely dislocating the facility from the others on the estate.

The revenue projections identified within this study will also include the cost of managing and maintaining the pitches on the Copthall estate. A further piece of research to explore the development of open space, including impact on revenue and cost is being undertaken on behalf of the council by Counterculture

Partnership. The research, which was in the progress at the completion of this study, will consider the structural and financial options for the whole Cophall estate.

Priority 3: Finchley Leisure Centre

Finchley Leisure Centre does not present the Council with immediate concerns in the way that Church Farm and Barnet Cophall do. The opportunity for linking the re-provision of the centre with other significant development on the current site means that the Council could secure a fully-funded new centre. The likely timescales for this development (5-7 years) are also appropriate given the Council's other priorities.

In addition, the potential complexity of this scheme due to the need to re-provide the bowls club site and to assess the pitch provision on the Glebelands site means that it is more realistic to regard it as a medium-term aspiration.

The proposed facility mix for the new centre is as follows:

- 25m, 6 lane pool
- learner pool with moveable floor
- leisure water/splashpad space
- 100-110 station gym
- 2 dance studios
- café.

It has been assumed at this stage that an STP would need to be included to compensate for the loss of a playing pitch.

Priority 4: Hendon

As with Finchley, Hendon remains a longer-term aspiration for the Council as it will form part of the Brent Cross/Cricklewood regeneration. However, the delivery of a fully-funded new centre is a realistic aspiration for the Council and the facility mix should be as follows:

- 25m, 6 lane pool
- learner pool with a moveable floor
- 80-station health and fitness gym
- 2 dance studios
- gymnastics hall
- 4-court sports hall
- cafe.

Typically, a site of this type would require an area of at least 8,000 sqm.

Priority 5: Burnt Oak

Given the other priorities for the Council, Burnt Oak is the lowest priority facility and should continue in its current form. There is some minor refurbishment required, such as the resurfacing of the STP; however, it should not at this stage be subject to a more comprehensive redevelopment.

9. Indicative Designs and Capital Costs

This section sets out indicative layouts and capital costs for each of the facilities.

9.1 Indicative Designs

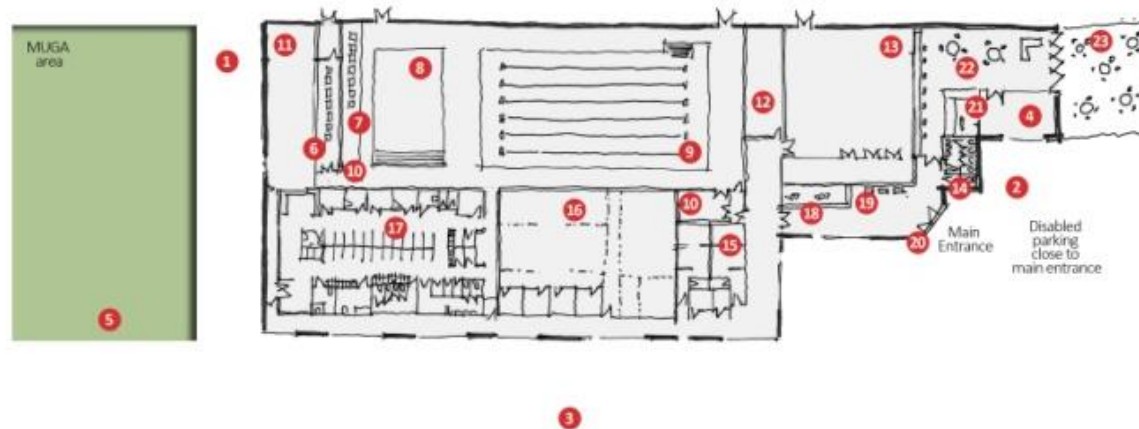
The following designs are indicative of the proposed facilities. They have been developed in the context of specific short-listed site locations and constraints, so as to provide greater realism and accuracy in estimating capital costs.

As the project enters a more detailed design phase, the introduction of alternative sites, layouts and configurations will have an impact on the capital costs of the facilities proposed.

Figure 5: Church Farm Leisure Centre - Indicative Design

Approx Design intent SOA
All areas are indicative until final SOA agreement

Swimming Pool area - 25m pool, learner pool and associated spaces	952m ²
Wet Changing - Wet changing and associated spaces	345m ²
Dry Changing - Dry changing and associated spaces	71m ²
Gym area - Gym area and associated spaces	300m ²
Admin areas - Admin area and associated spaces (provisional TBC)	56m ²
Cafe - Cafe and associated spaces	100m ²
Reception Area - Reception area & associated spaces	113m ²
Circulation & service spaces - Circulation, WC's and stores	272m ²
Dance Studio - 1 number spaces	225m ²
Library - Requested notional space	50m ²
Internal spaces total	2484m²
GIFA total (approx)	2775m²



KEY

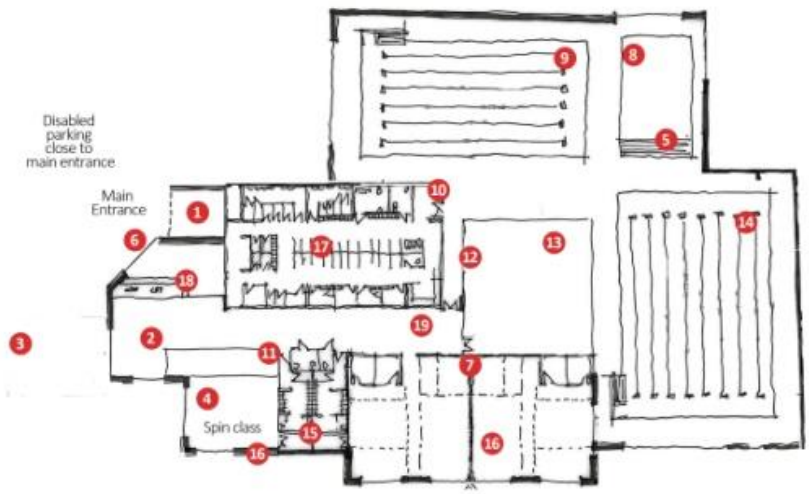
- 1 Plant area including refuse collection- Located at ground level to minimise impact
- 2 Parking- Disabled parking area
- 3 Car Park - Sufficient for planning 'highways' requirement. TBC
- 4 Library - Library area notional identified adjacent to cafe area
- 5 MUGA - Notional area for MUGA
- 6 Viewing area - With appropriate re-bound provision
- 7 Pool side viewing -
- 8 Learner pool - 8 x 14m Learning Pool
- 9 Swimming pool - 6 lane 25m pool
- 10 Medical room - Accessible directly off the pool with access into reception for evacuation
- 11 Admin area
- 12 Dance storage
- 13 Dance Studio 1 - 15m x 15m 'Standard' dance studio
- 14 WC - Coffeeshop WC's and visitor disabled WC for reception area
- 15 Dry Changing - Male / Female dry changing provision
- 16 Gym Area- Area includes for 'Female area', office, reception, free weights and Cardio.
- 17 Wet Changing - Changing area as sufficient for the swimming pool
- 18 Reception - Reception area
- 19 Vending Machine - Area for snacks / vending machines
- 20 Entrance - Main entrance into the building
- 21 Coffee Shop - Counter and main vending area
- 22 Coffee Shop / library- Area accessed via coffee shop
- 23 Coffee Shop - Possible break-out for coffee shop

Figure 6: Barnet Copthall – Indicative Design

Approx Design intent SOA

All areas are indicative until final SOA agreement

Swimming Pool area - 6 lane 25m pool, learner pool and associated spaces, spaces include for the learner pool to have movable floor for use by diving	825m ²
Swimming Pool area - 8 lane 25m pool, and associated spaces	625m ²
Wet Changing - Wet changing and associated spaces	350m ²
Dry Changing - Dry changing and associated spaces	75m ²
Gym area - Gym area and associated spaces	550m ²
Spin Class / multiuse area - linked to the gym area and associated spaces	100m ²
Admin areas - Admin area and associated spaces (provisional TBC)	50m ²
Cafe - Cafe and associated spaces	200m ²
Reception Area - Reception area, medical room & associated spaces	95m ²
Circulation & service spaces - Circulation, WC's and stores	250m ²
Dance Studio - 1 number spaces	225m ²
Internal spaces total	3345m²
GIFA total (approx)	3525m²



KEY

- 1 Canopy area for entrance- Canopy
- 2 Coffee Shop - Counter and main vending area
- 3 Car Park - Sufficient for planning 'highways' requirement. TBC
- 4 Spin Class - Within gym allowance / area
- 5 Diving pool- Diving pool to utilise learner pool area with 'movable floor' provision.
- 6 Entrance - Main entrance into the building
- 7 Separation between enlarged gym areas - Gym areas
- 8 Learner pool - 8 x 14m Learning Pool
- 9 Swimming pool - 6 lane 25m pool
- 10 Medical room - Accessible directly off the pool with access into reception for evacuation
- 11 Admin area
- 12 Dance storage
- 13 Dance Studio 1 - 15m x 15m 'Standard' dance studio
- 14 Swimming pool - 8 lane 25m pool
- 15 Dry Changing - Male / Female dry changing provision
- 16 Gym Area - Area includes for 'Female area', office, reception, free weights and Cardio.
- 17 Wet Changing - Changing area as sufficient for the swimming pool
- 18 Reception - Reception area
- 19 Vending Machine - Area for snacks / vending machines

Figure 7: Finchley Leisure Centre – Indicative Design

Approx Design intent SOA

All areas are indicative until final SOA agreement

Swimming Pool area - 25m pool, learner pool and associated spaces	1125m ²
Wet Changing - Wet changing and associated spaces	351m ²
Dry Changing - Dry changing and associated spaces	71m ²
Gym area - Gym area and associated spaces	550m ²
Admin areas - Admin area and associated spaces (provisional TBC)	71m ²
Cafe - Cafe and associated spaces	157m ²
Reception Area - Reception area & associated spaces (spill out cafe)	141m ²
Circulation & service spaces - Circulation, WC's & stores (spill out cafe)	263m ²
Dance Studio - 1 number spaces	225m ²
Internal spaces total	2954m²
GIFA total (approx)	3050m²



KEY

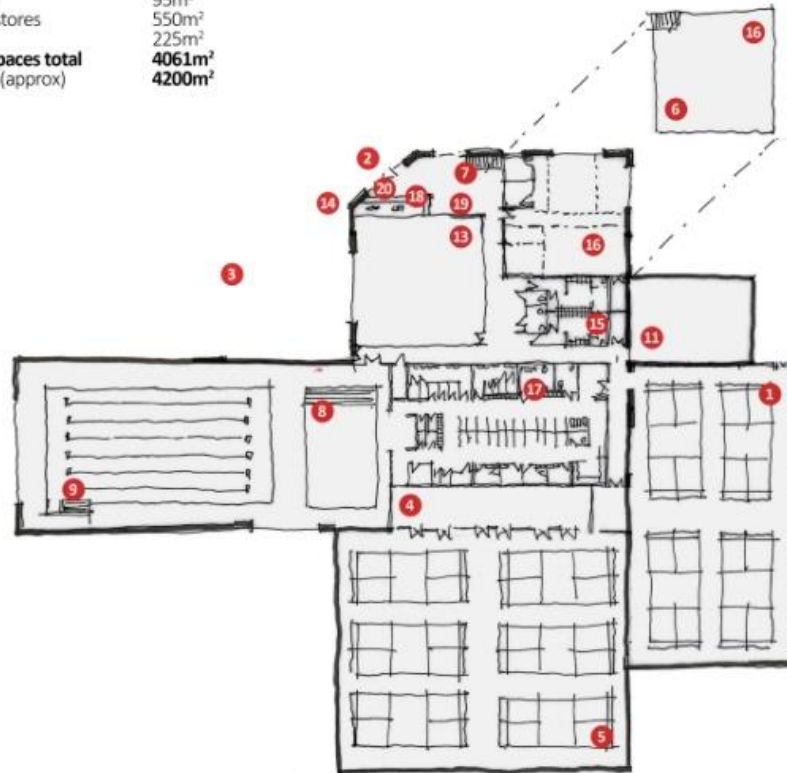
- 1 **Plant area including refuse collection** - Located at ground level to minimise impact
- 2 **Entrance** - Main entrance into the building
- 3 **WC** - Coffeshop WC's and visitor disabled WC for reception area
- 4 **Leisure Water** - Splash pad area / leisure water area in pool hall
- 5 **Associated Parking** - Parking associated directly with the centre
- 6 **Parking** - Disabled parking area
- 7 **Coffee Shop** - Counter and main vending area
- 8 **Learner pool** - 8 x 14m Learning Pool
- 9 **Swimming pool** - 6 lane 25m pool
- 10 **Medical room** - Accessible directly off the pool with access into reception for evacuation
- 11 **Admin area**
- 12 **Dance storage** - Dependant on required size of admin, part of this area could be storage
- 13 **Dance Studio 1** - 15m x 15m 'Standard' dance studio
- 14 **Secondary Entrance** - Secondary entrance into the building
- 15 **Dry Changing** - Male / Female dry changing provision
- 16 **Gym Area** - Area includes for 'Female area', office, reception, free weights and Cardio
- 17 **Wet Changing** - Changing area as sufficient for the swimming pool
- 18 **Reception** - Reception area
- 19 **Vending Machine** - Area for snacks / vending machines

Figure 8: Hendon Leisure Centre – Indicative Design

Approx Design intent SOA

All areas are indicative until final SOA agreement

Sports Hall - 6 court hall, storage and associated spaces	1054m ²
Gymnastics Hall - Equivalent to 4 court sports hall	600m ²
Swimming Pool area - 25m pool, learner pool and associated spaces	823m ²
Wet Changing - Wet changing and associated spaces	347m ²
Dry Changing - Dry changing and associated spaces	71m ²
Gym area - Gym area and associated spaces	196m ²
Admin areas - Admin area and associated spaces (provisional TBC)	100m ²
Cafe - Cafe and associated spaces	N/A/m ²
Reception Area - Reception area & associated spaces	95m ²
Circulation & service spaces - Circulation, WC's and stores	550m ²
Dance Studio - 1 number spaces	225m ²
Internal spaces total	4061m²
GIFA total (approx)	4200m²



KEY

- 1 **Gymnastics Hall** - Equivalent to 4 court sports hall
- 2 **New entrance** - New vehicle entrance to be taken off existing road
- 3 **Car Park** - Sufficient for planning 'highways' requirement. TBC
- 4 **Sports store** - Store at 12.5 % of sports hall area.
- 5 **6 Court Sports hall** - 34.5m x 27m as identified in 'Sports England' guidance
- 6 **Open plan library area** - First floor area as open space could allow for use as library
- 7 **Access to first floor area** - access to admin area
- 8 **Learner pool** - 8 x 14m Learning Pool
- 9 **Swimming pool** - 6 lane 25m pool
- 10 **Medical room** - Accessible directly off the pool with access into reception for evacuation
- 11 **Admin area**
- 12 **Dance storage**
- 13 **Dance Studio 1** - 15m x 15m 'Standard' dance studio
- 14 **Disabled Parking** - Disabled parking to be close to entrance
- 15 **Dry Changing** - Male / Female dry changing provision
- 16 **Gym Area** - Area includes for 'Female area', office, reception, free weights and Cardio.
- 17 **Wet Changing** - Changing area as sufficient for the swimming pool
- 18 **Reception** - Reception area
- 19 **Vending Machine** - Area for snacks / vending machines
- 20 **Entrance** - Main entrance into the building

9.2 Capital Costs

The capital costs are presented in Table 14. They are based on a range of assumptions and exclusions, including the following:

- assumes tender price within 2014, current day costs
- excludes extraordinary inflation during construction period
- assumes local infrastructure is available and can be provided within budget provision included
- excludes statutory contributions, CIL, etc
- excludes fees associated with legal costs beyond standard construction contract needs
- excludes land costs and associated costs and professional fees
- excludes operational services and equipment
- assumes no specific issues relating to public transport
- excludes rights of light costs and claims
- excludes site remediation costs
- excludes developers'/agency contingency
- excludes logistics.

It should be noted that in the past year, activity within the construction market has increased and prices have started to rise. As a result, the cost estimates will need to be reviewed regularly throughout the project.

Table 14: Indicative Capital Costs for the Proposed Facility Developments

Item	Church Farm	Barnet Cophthall	Finchley	Hendon	Total	
Standard Leisure Centre Costs (including Swimming Pool)						
Substructure	£619,650	£923,400	£573,125	£902,217		
Structure	£1,004,700	£1,497,200	£930,100	£1,462,855		
Envelope	£790,500	£1,178,000	£730,325	£1,150,977		
Internal Partitioning	£234,600	£349,600	£216,150	£341,580		
Finishings	£451,350	£672,600	£419,200	£657,171		
Fittings & Furniture	£0	£0	£0	£0		
Mechanical & Electrical Services (Including pool equipment)	£2,119,050	£3,357,800	£1,961,725	£2,326,800		
Abnormal and Site related costs						
3G pitch	£0	£0	£500,000	£0		
Demolitions	£10,000	£500,080	£0	£10,980		
External Works	£255,000	£342,000	£301,300	£280,000		
Landscaping (Hard and Soft Landscaping including Car park)	£96,900	£475,000	£193,225	£106,400		
Sustainability Planning needs (allowance)	£127,500	£190,000	£117,900	£140,000		
Highways/ Section 278 (allowance)	£58,650	£53,200	£85,150	£64,400		
Incoming Services	£221,850	£53,200	£258,725	£243,600		
Sub-Total	£5,989,750	£9,592,080	£6,286,925	£7,686,980	£29,555,735	
Main Contractors Preliminaries @	12%	£718,770	£1,151,050	£754,431	£922,438	
Main Contractors Overheads and Profit @	5%	£335,426	£537,156	£352,068	£430,471	
Design Development @	5%	£352,197	£564,014	£369,671	£451,994	
Risk @	5%	£369,807	£592,215	£388,155	£474,594	
Total	£7,765,950	£12,436,515	£8,151,250	£9,966,477	£38,320,193	
Professional Fees	15%	£1,164,893	£1,865,477	£1,222,687	£1,494,972	
Total (including VAT)	£8,930,843	£14,301,993	£9,373,937	£11,461,449	£44,068,222	
Rounded Total	£8,900,000	£14,300,000	£9,400,000	£11,500,000	£44,100,000	
<i>Pessimistic Total (including VAT)</i>	<i>£13,350,000</i>	<i>£21,450,000</i>	<i>£14,100,000</i>	<i>£17,250,000</i>	<i>£66,150,000</i>	
<i>Optimistic Total (including VAT)</i>	<i>£8,050,000</i>	<i>£12,890,000</i>	<i>£8,450,000</i>	<i>£10,330,000</i>	<i>£44,070,000</i>	

Capital costs are likely to vary through the design development due to market changes and alterations to the client's requirements. For this reason, we have based the estimates on standard leisure centre quality and rates and have also included **pessimistic** and **optimistic** totals to illustrate potential variance.

In terms of **fixtures, fittings and equipment**, it has been assumed that the operator would be responsible for providing the loose equipment in the centres and this has been included in their revenue plans (See Section 10). However, an allowance for other fittings has been included in the capital costs.

Finally, for Finchley and Hendon, it has been assumed that the cost of the demolition would be borne by the developer of the respective residential/regeneration schemes, so it has been excluded. An allowance has been included at Church Farm and Barnet Cophthall.

10. Future Revenue Projections

The capital costs set out in the previous section provide an indication of the level of investment that will be required in the Council's leisure portfolio to ensure that it meets their and customers' aspirations and can contribute to the wider strategic objectives of improving the borough's health. Linked to this, the Council also needs to understand the likely long-term revenue implications as this will be a key factor within the overall affordability and deliverability of the schemes.

The revenue planning exercise has covered two main areas:

- Part A: the likely revenue position of the current portfolio in the future if none of the proposed facility investments is made
- Part B: the revenue position for each of the proposed facilities.

10.1 Part A: Future revenue position with no capital investment

The purpose of looking at the revenue position without investment (beyond that identified in the condition surveys – see Section 5) is to put into context whether the Council's aspiration to achieve a nil (or as close to nil as possible) revenue subsidy can be achieved if the management contract was simply retendered with no significant capital investment. In effect, this should highlight the importance of investment to the Council's aspirations.

The key assumptions for this analysis are as follows:

- it is based on current estimated revenue figures as a starting point
- it is based on 2014 prices
- a 10-year contract length
- no growth in income at Church Farm
- increase in premises costs at Church Farm of 5% in year 1 and 2% per annum in remaining years to reflect the age and condition of the building
- increase in premises costs of 2% per annum at all other facilities
- 5% growth in income in years 1 and 2 and 2.5% in year 3 at all other sites. No growth thereafter.

As well as these assumptions, the costs identified in the 2012 condition surveys have been included in the analysis on the basis that these highlight the known issues with the facilities and will need to be addressed to maintain them in an operational state. In terms of who bears these costs, it is likely that this would remain with the Council (although it could be passed over to the operator as part of the new contract); however, either way they will be incurred by the Council and need to be included in the analysis. Their inclusion has been based on the following assumptions:

- Although the surveys were undertaken in 2012-13 and set out investment required from 2012 onwards, it has been assumed that this investment has not been made. Therefore, they have been included in the future investment requirements
- The first year of the new contract will be 2017-18 and, thus, 15 years of condition survey costs have been included (i.e. those for the period 2012-13 to 2016-17 plus a proposed ten-year management contract).

Based on these assumptions, it has been estimated that the annual cost of the leisure portfolio to the Council under a simple retendering would be **circa £527,000 per annum** over a ten year contract. While this represents a significant saving on the current management fee, it is clear that achieving a neutral revenue position with investment is unlikely to be achievable. Further detail is shown in Table 15.

Table 15: Future revenue position with no capital investment

Church Farm	
Income to Council/(Management fee)	(£148,448)
Condition survey costs	(£97,417)
Total (Income to Council/(Management fee))	(£245,865)
Barnet Copthall	
Income to Council/(Management fee)	(£175,238)
Condition survey costs	(£182,209)
Total (Income to Council/(Management fee))	(£357,448)
Finchley	
Income to Council/(Management fee)	£243,170
Condition survey costs	(£44,026)
Total (Income to Council/(Management fee))	£199,144
Hendon	
Income to Council/(Management fee)	£82,655
Condition survey costs	(£162,390)
Total (Income to Council/(Management fee))	(£79,735)
Burnt Oak	
Income to Council/(Management fee)	£124,953
Condition survey costs	(£168,027)
Total (Income to Council/(Management fee))	(£43,074)
Total management fee paid by Council to contractor	(£526,978)

To be clear, this analysis is meant to provide an illustration of the likely future cost of the current facility portfolio. It would be ultimately governed by the timing of going to the market and the level of interest and competition. As an overall observation, the Barnet contract should, at the very least, be relatively attractive to the market given the above average level of affluence, the size of the population and the anticipated population growth. The soft market testing that has been undertaken has also indicated that there is strong interest for the contract.

This analysis has been **solely financial**; however, there are other considerations which must also be taken into account:

- the analysis assumes that Church Farm can continue to operate until the end of the future management contract. In reality, this is **highly unlikely** given the known condition issues and the fact that it does not meet current customer expectations. Potentially, leisure operators would be unwilling to take on the management of this building given the condition and layout issues
- by the end of a future contract, Barnet Copthall would be over 50 years old and there is a significant risk (regardless of the condition survey investment) that it would still be in an operational condition.

Therefore, although achieving a revenue saving on the current portfolio is realistic, it is will not approach a revenue neutral position. More importantly, we would not recommend the Council continues without making significant investment. The known issues at Church Farm (in particular) and Barnet Copthall mean that a decisive decision on the future of both should be made now, rather than being postponed for another 5-10 years, by which time the problems will only have become more acute.

This approach would also not address the known facility issues nor give the Council a facility portfolio that meets the needs and expectations of the borough's population. All of the operators approached have indicated that a revenue neutral position (or significantly better) should be **achievable if investment is made**.

10.2 Part B: Revenue position for the proposed facilities

This section sets out the likely revenue position of the facilities assuming the investments set out in this report are made. **This exercise has been completed on a facility-by-facility basis using The Sports Consultancy's leisure facility business planning model. Income has been developed on a zone-by-zone basis and expenditure based on the key cost areas** (e.g. staffing, premises costs, management costs, etc).

The key assumptions have been kept consistent across the site and are as follows:

- it is based on 2014 prices
- a 10-year contract length with management by an external leisure trust
- prices as per GLL's current structure
- facility mixes as set out in this report
- opening hours 6.30 a.m.to10.00 p.m.
- staffing based on current costs with on-costs of 21% of base salary
- utilities based on benchmark data and £28-£30 per sqm in total
- Repairs & Maintenance (R&M) based on benchmark data and £25 per sqm in total
- NNDR based on 100% relief (i.e. assuming the *status quo*)
- marketing costs based on 1.9% of income plus an allowance of £10,000-£15,000 in year 1 for launch
- insurances based on benchmark data and £4.39 per sqm in total
- other management costs (e.g. stationery, telephones, postage) at 1.5% of income
- cost of sales based on benchmark data and 40% of sales in total
- lifecycle costs based on 1.5% of capital cost per annum (and profiled across the ten year period)
- irrecoverable VAT included to reflect trust operation
- operator profit (4%) and central cost overhead (4%) allowance to reflect trust operation.

The revenue plans also include an allowance for loose furniture and equipment (with fixtures and fittings included in the capital costs – see Section 8). The operators will be in a position to secure the loose equipment for a better price than compared to the Council given that they will have established supply chains and purchasing power. This is the typical approach taken in the market.

Finally, an allowance has also been included across the sites for the operator to contribute towards the delivery of the Council's public health targets. At this stage, the onus that will be placed on the operators is still to be agreed. Therefore an indicative allowance of £105,000 split across the portfolio has been included as follows (it will be developed through the management contract procurement):

- Barnet Copthall - £50,000
- Finchley - £25,000
- Church Farm - £10,000
- Hendon - £10,000
- Burnt Oak - £10,000.

The revenue plans are presented in Table 16 to Table 19. Further detail can be found in Appendices E, F, G and H.

Table 16: Revenue Projections for Church Farm

Income	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	10-year average
Dry side	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Health & Fitness	£359,958	£693,841	£798,552	£808,322	£808,593	£808,593	£808,593	£808,593	£808,593	£808,593	£751,223
Wetside	£448,835	£453,323	£457,856	£457,856	£457,856	£457,856	£457,856	£457,856	£457,856	£457,856	£456,501
Other Memberships	£12,443	£28,970	£35,713	£37,545	£37,488	£37,488	£37,488	£37,488	£37,488	£37,488	£33,960
Rentals	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Secondary	£80,956	£109,104	£118,303	£119,369	£119,390	£119,390	£119,390	£119,390	£119,390	£119,390	£114,407
Outdoor	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Total Income	£902,191	£1,285,239	£1,410,425	£1,423,093	£1,423,327	£1,423,327	£1,423,327	£1,423,327	£1,423,327	£1,423,327	£1,356,091
Expenditure	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	10-year average
Staffing costs:	(£602,128)	(£602,128)	(£602,128)	(£602,128)	(£602,128)	(£602,128)	(£602,128)	(£602,128)	(£602,128)	(£602,128)	(£602,128)
Premises costs:	(£228,200)	(£228,876)	(£262,059)	(£284,498)	(£350,320)	(£297,305)	(£298,015)	(£298,733)	(£299,457)	(£371,017)	(£291,848)
Management costs:	(£139,483)	(£124,619)	(£131,255)	(£135,743)	(£148,907)	(£138,304)	(£138,446)	(£138,590)	(£138,735)	(£153,047)	(£138,713)
Cost of sales:	(£32,382)	(£43,642)	(£47,321)	(£47,748)	(£47,756)	(£47,756)	(£47,756)	(£47,756)	(£47,756)	(£47,756)	(£45,763)
Public health allowance:	(£10,000)	(£10,000)	(£10,000)	(£10,000)	(£10,000)	(£10,000)	(£10,000)	(£10,000)	(£10,000)	(£10,000)	(£10,000)
Other costs:	(£62,175)	(£62,175)	(£62,175)	(£62,175)	(£62,175)	(£62,175)	(£62,175)	(£62,175)	(£62,175)	(£62,175)	(£62,175)
Total expenditure	(£1,074,369)	(£1,071,439)	(£1,114,938)	(£1,142,292)	(£1,221,286)	(£1,157,668)	(£1,158,520)	(£1,159,381)	(£1,160,251)	(£1,246,123)	(£1,150,627)
Net Revenue	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	10-year average
Profit/Loss (Management Fee)	(£172,177)	£213,800	£295,487	£280,801	£202,041	£265,659	£264,806	£263,945	£263,076	£177,204	£205,464

Membership and Throughput

Membership Numbers	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	10-year average
	539	1,269	1,486	1,511	1,511	1,511	1,511	1,511	1,511	1,511	1,387
Throughput	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	10-year average
Total Throughput	195,588	276,012	302,295	305,341	305,399	305,399	305,399	305,399	305,399	305,399	291,163

Table 17: Revenue Projections for Copthall

Income	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	10-year average
Dry side	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Health & Fitness	£1,655,534	£1,690,610	£1,707,409	£1,709,688	£1,709,376	£1,709,376	£1,709,376	£1,709,376	£1,709,376	£1,709,376	£1,701,949
Wetside	£708,279	£715,361	£722,515	£722,515	£722,515	£722,515	£722,515	£722,515	£722,515	£722,515	£720,376
Other Memberships	£23,226	£53,304	£64,169	£66,689	£66,628	£66,628	£66,628	£66,628	£66,628	£66,628	£60,716
Rentals	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Secondary	£188,818	£194,994	£197,966	£198,379	£198,352	£198,352	£198,352	£198,352	£198,352	£198,352	£197,027
Outdoor	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Total Income	£2,575,857	£2,654,269	£2,692,059	£2,697,270	£2,696,871	£2,696,871	£2,696,871	£2,696,871	£2,696,871	£2,696,871	£2,680,068
Expenditure	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	10-year average
Staffing costs:	(£1,097,268)	(£1,097,268)	(£1,097,268)	(£1,097,268)	(£1,097,268)	(£1,097,268)	(£1,097,268)	(£1,097,268)	(£1,097,268)	(£1,097,268)	(£1,097,268)
Premises costs:	(£386,750)	(£388,030)	(£439,323)	(£472,504)	(£571,635)	(£492,107)	(£493,453)	(£494,811)	(£496,184)	(£603,859)	(£483,866)
Management costs:	(£310,849)	(£296,105)	(£306,364)	(£313,000)	(£332,826)	(£316,921)	(£317,190)	(£317,462)	(£317,736)	(£339,271)	(£316,772)
Cost of sales:	(£75,527)	(£77,997)	(£79,186)	(£79,351)	(£79,341)	(£79,341)	(£79,341)	(£79,341)	(£79,341)	(£79,341)	(£78,811)
Public health allowance:	(£50,000)	(£50,000)	(£50,000)	(£50,000)	(£50,000)	(£50,000)	(£50,000)	(£50,000)	(£50,000)	(£50,000)	(£50,000)
Other costs:	(£156,069)	(£156,069)	(£156,069)	(£156,069)	(£156,069)	(£156,069)	(£156,069)	(£156,069)	(£156,069)	(£156,069)	(£156,069)
Net cost of outdoor pitches	(£52,282)	(£52,282)	(£52,282)	(£52,282)	(£52,282)	(£52,282)	(£52,282)	(£52,282)	(£52,282)	(£52,282)	(£52,282)
Total expenditure	(£2,128,745)	(£2,117,752)	(£2,180,492)	(£2,220,474)	(£2,339,421)	(£2,243,988)	(£2,245,602)	(£2,247,233)	(£2,248,879)	(£2,378,090)	(£2,235,067)
Net Revenue	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	10-year average
Profit/Loss (Management Fee)	£447,112	£536,518	£511,568	£476,796	£357,450	£452,883	£451,269	£449,638	£447,992	£318,781	£445,001

Membership and Throughput

Membership Numbers	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	10-year average
	3,556	3,630	3,654	3,660	3,659	3,659	3,659	3,659	3,659	3,659	3,645
Throughput	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	10-year average
Total Throughput	503,766	521,411	529,902	531,081	531,006	531,006	531,006	531,006	531,006	531,006	527,219

Table 18: Revenue Projections for Finchley

Income	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	10-year average
Dry side	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Health & Fitness	£1,348,341	£1,417,065	£1,437,130	£1,440,837	£1,440,902	£1,440,902	£1,440,902	£1,440,902	£1,440,902	£1,440,902	£1,428,879
Wetside	£422,531	£426,756	£431,023	£431,023	£431,023	£431,023	£431,023	£431,023	£431,023	£431,023	£429,747
Other Memberships	£16,590	£39,733	£49,880	£52,525	£52,576	£52,576	£52,576	£52,576	£52,576	£52,576	£47,418
Rentals	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Secondary	£152,164	£160,631	£163,638	£164,198	£164,204	£164,204	£164,204	£164,204	£164,204	£164,204	£162,585
Outdoor	£82,250	£83,073	£83,903	£83,903	£83,903	£83,903	£83,903	£83,903	£83,903	£83,903	£83,655
Total Income	£2,021,876	£2,127,258	£2,165,573	£2,172,486	£2,172,609	£2,172,609	£2,172,609	£2,172,609	£2,172,609	£2,172,609	£2,152,285
Expenditure	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	10-year average
Staffing costs:	(£931,992)	(£931,992)	(£931,992)	(£931,992)	(£931,992)	(£931,992)	(£931,992)	(£931,992)	(£931,992)	(£931,992)	(£931,992)
Premises costs:	(£309,213)	(£310,195)	(£352,125)	(£380,315)	(£463,046)	(£396,638)	(£397,671)	(£398,714)	(£399,767)	(£489,694)	(£389,738)
Management costs:	(£245,190)	(£230,386)	(£238,772)	(£244,410)	(£260,956)	(£247,675)	(£247,881)	(£248,090)	(£248,301)	(£266,286)	(£247,795)
Cost of sales:	(£63,909)	(£67,465)	(£68,728)	(£68,963)	(£68,966)	(£68,966)	(£68,966)	(£68,966)	(£68,966)	(£68,966)	(£68,286)
Public health allowance:	(£25,000)	(£25,000)	(£25,000)	(£25,000)	(£25,000)	(£25,000)	(£25,000)	(£25,000)	(£25,000)	(£25,000)	(£25,000)
Other costs:	(£136,750)	(£136,750)	(£136,750)	(£136,750)	(£136,750)	(£136,750)	(£136,750)	(£136,750)	(£136,750)	(£136,750)	(£136,750)
Total expenditure	(£1,712,054)	(£1,701,789)	(£1,753,367)	(£1,787,430)	(£1,886,710)	(£1,807,021)	(£1,808,260)	(£1,809,512)	(£1,810,776)	(£1,918,689)	(£1,799,561)
Net Revenue	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	10-year average
Profit/Loss (Management Fee)	£309,822	£425,469	£412,206	£385,056	£285,899	£365,588	£364,348	£363,097	£361,833	£253,920	£352,724

Membership and Throughput

Membership Numbers	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	10-year average
	2,964	3,157	3,196	3,207	3,207	3,207	3,207	3,207	3,207	3,207	3,177
Throughput	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	10-year average
Total Throughput	399,040	423,232	431,822	433,423	433,439	433,439	433,439	433,439	433,439	433,439	428,815

Table 19: Revenue Projections for Hendon

Income	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	10-year average
Dry side	£150,220	£151,722	£153,239	£153,239	£153,239	£153,239	£153,239	£153,239	£153,239	£153,239	£152,786
Health & Fitness	£780,218	£865,597	£883,092	£885,649	£885,776	£885,776	£885,776	£885,776	£885,776	£885,776	£872,921
Wetside	£397,439	£401,414	£405,428	£405,428	£405,428	£405,428	£405,428	£405,428	£405,428	£405,428	£404,228
Other Memberships	£42,993	£55,854	£58,542	£56,875	£54,498	£54,498	£54,498	£54,498	£54,498	£54,498	£54,125
Rentals	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Secondary	£142,926	£147,373	£147,258	£145,505	£143,769	£143,769	£143,769	£143,769	£143,769	£143,769	£144,567
Outdoor	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Total Income	£1,513,796	£1,621,961	£1,647,560	£1,646,696	£1,642,710	£1,642,710	£1,642,710	£1,642,710	£1,642,710	£1,642,710	£1,628,627
Expenditure	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	10-year average
Staffing costs:	(£645,498)	(£645,498)	(£645,498)	(£645,498)	(£645,498)	(£645,498)	(£645,498)	(£645,498)	(£645,498)	(£645,498)	(£645,498)
Premises costs:	(£323,700)	(£324,780)	(£375,871)	(£410,323)	(£511,460)	(£430,065)	(£431,200)	(£432,347)	(£433,505)	(£543,452)	(£421,670)
Management costs:	(£220,933)	(£206,707)	(£216,770)	(£223,601)	(£243,256)	(£227,589)	(£227,807)	(£228,028)	(£228,251)	(£249,414)	(£227,235)
Cost of sales:	(£57,170)	(£58,949)	(£58,903)	(£58,202)	(£57,507)	(£57,507)	(£57,507)	(£57,507)	(£57,507)	(£57,507)	(£57,827)
Public health allowance:	(£10,000)	(£10,000)	(£10,000)	(£10,000)	(£10,000)	(£10,000)	(£10,000)	(£10,000)	(£10,000)	(£10,000)	(£10,000)
Other costs:	(£111,104)	(£111,104)	(£111,104)	(£111,104)	(£111,104)	(£111,104)	(£111,104)	(£111,104)	(£111,104)	(£111,104)	(£111,104)
Total expenditure	(£1,368,405)	(£1,357,039)	(£1,418,146)	(£1,458,727)	(£1,578,826)	(£1,481,764)	(£1,483,117)	(£1,484,484)	(£1,485,865)	(£1,616,976)	(£1,473,335)
Net Revenue	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	10-year average
Profit/Loss (Management Fee)	£145,391	£264,922	£229,414	£187,969	£63,885	£160,947	£159,593	£158,226	£156,845	£25,734	£155,292

Membership and Throughput

Membership Numbers	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	10-year average
	1,672	1,871	1,904	1,911	1,911	1,911	1,911	1,911	1,911	1,911	1,882
Throughput	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	10-year average
Total Throughput	372,644	385,352	385,024	380,013	375,053	375,053	375,053	375,053	375,053	375,053	377,335

10.3 Summary

All of the new facilities could deliver positive revenue to the Council when viewed over a ten-year period, if capital investment is made. This reflects what is currently happening in the leisure market where new and good quality facilities in the right catchment are delivering Councils significant positive revenue. As stated before, if investment is made in the portfolio, Barnet will be an attractive opportunity to the leisure operator market.

The estimated ten-year average net revenue projections for each centre are as follows:

- Church Farm £205,000
- Barnet Cophall £445,000
- Finchley £353,000
- Hendon £155,000

For Burnt Oak, a significant capital investment is not proposed, the estimate revenue position is as set out in Section 10, i.e. £125,000 per annum (although there would be an additional condition survey investment requirement of, on average, £168,000).

These figures indicate that with capital investment, a significant improvement on the current revenue cost of the portfolio is achievable. However, it is not representative simply to combine these figures as the management fee achieved by the Council for the next contract will depend on the phasing of the developments and this will be explored in the next section.

11. Affordability Analysis

The revenue projections illustrate that if the Council invests in developing new facilities, ultimately it should be able to deliver not just a nil revenue position but better. However, the exact level will depend on the timing of delivery of the new centres (i.e. the proportion of the contract for which each of the new facilities is in operation) and how the Council meets the required up-front capital investment.

It is also important to re-state clearly that this is a very complex project because the Council is examining its whole portfolio at once. Given that there are five facilities, this means that there are many variables. **Any** movement in the proposed delivery timescales for **any** of the facilities will ultimately impact on the management fee income.

Therefore, in this affordability analysis, we have dealt with each facility individually and then brought them together to illustrate how the financial position of the whole portfolio could look (based on a number of assumptions).

At a facility level, we have assumed the following:

- Capital costs as set out in Section 9
- Future revenue position (i.e. management fee income from contractor) as set out in Section 9 and based on a ten year average (which represents a typical management contract length).

In terms of funding, we have assumed the following at each centre:

- **Church Farm:**
 - £500,000 available from the disposal of the current site (indicative)
 - £250,000 funding (indicative) from Sport England's Strategic Facilities Investment Fund
- **Barnet Copthall:**
 - £500,000 funding (indicative) from Sport England's Strategic Facilities Investment Fund
- **Finchley:**
 - contributions for new centre can be explored through developer contributions
- **Hendon:**
 - funding for the new centre to be explored from the Brent Cross/Cricklewood regeneration scheme.

Sport England has been consulted about the potential for securing funding from their Strategic Facilities Investment fund. They indicated that these were the kind of schemes they would support with funding of

up to £1.5 million. However, they also emphasised the demand for this funding is very high (over 70 potential schemes at present), so the £750,000 included is a prudent estimate.

Beyond the capital and grant funding, we have also assumed that the Council would be able to raise further capital via prudential borrowing based on using 100% of the management fee income from each site. For this, we have assumed a 4.5% interest rate and a 25-year borrowing term. Typically Councils look to link borrowing term with the life of the asset, which will be circa 30 years. In discussion with the Council's finance officers, a 25-year term has been assumed to ensure a prudent approach is being taken.

The 25-year scenarios for each site are presented in Table 20 to Table 23. To test them further, a sensitivity analysis has been undertaken on each based on the following:

- **worst case scenario:** pessimistic capital cost (Section 9) and revenue projections based on 10% higher expenditure
- **best case scenario:** Best case: optimistic capital cost (Section 9) and revenue projections based on 10% higher income.

Although borrowing has been modelled over 25-years, for comparative purposes the assessment of affordability has been based on a ten-year period as this is the assumed length of the future management contract. Assessing the revenue cost beyond this period cannot be achieved with certainty; however, provided adequate investment is made in the portfolio over the life of the contract (and this has been allowed for in the revenue plans), it is reasonable to assume that it will be no worse than the first ten years.

The analysis for each centre presents the following outputs:

- the capital funding deficit
- the capital funding deficit once prudential borrowing has been taken into account
- the additional revenue funding required to fund 100% of the capital deficit
- the revenue deficit assuming the residual Council leisure facilities budget of £435,000 can also be used to fund prudential borrowing³.

The analysis by centre is set out as follows:

³ Although the current management fee for the leisure portfolio is £1.16 million, rising to £1.39m by 2017, the Council has identified a future target budget of £435,000. This budget may be available (in addition to the positive income that could be achieved from each site) to fund prudential borrowing, so it has been included as an additional scenario. **Critically, it should be recognised that this funding could only be used for one development.**

- Table 20: Church Farm based on 25-year borrowing term
- Table 21: Barnet Copthall based on 25-year borrowing term
- Table 22: Finchley based on 25-year borrowing term
- Table 23: Hendon based on 25-year borrowing term.

As significant capital investment or redevelopment of Burnt Oak is not envisaged, an affordability analysis has not been undertaken. The projected future cost of it is as set out in Section 10.1.

Table 20: Church Farm Financial Analysis based on 25-year borrowing

	Core Scenario		Worst Case Base income & higher costs		Best Case Higher income & base costs	
	Total	Annual	Total	Annual	Total	Annual
Capital cost	£8,900,000		£13,350,000		£8,050,000	
Indicative funding available	£750,000		£750,000		£750,000	
Funding deficit	(£8,150,000)		(£12,600,000)		(£7,300,000)	
Projected management contract income		£205,464		£90,401		£341,073
Management fee		£0		£0		£0
Potential prudential borrowing from management contract income	£3,046,664		£1,340,490		£5,057,503	
Revised funding deficit (inc prudential borrowing)	(£5,103,336)		(£11,259,510)		(£2,242,497)	
<i>Revenue required to fund 100% of capital deficit:</i>		£549,628		£849,732		£492,305
<i>Revenue deficit:</i>		(£344,164)		(£759,330)		(£151,232)
<i>Revenue deficit assuming existing revenue budget retained:</i>		£0		(£324,330)		£0

In addition, the cost of including a 6-sports hall was examined. It would add circa £2.5 million to the cost and increase the revenue deficit to circa £469,000 per annum in the core scenario.

Table 21: Barnet Copthall Financial Analysis based on 25-year borrowing

	Core Scenario		Worst Case Base income & higher costs		Best Case Higher income & base costs	
	Total	Annual	Total	Annual	Total	Annual
Capital cost	£14,300,000		£21,450,000		£12,890,000	
Funding available	£500,000		£500,000		£500,000	
Funding deficit	(£13,800,000)		(£20,950,000)		(£12,390,000)	
Projected management contract income		£445,001		£279,004		£765,290
Management fee		£0		£0		£0
Potential prudential borrowing from management contract income	£6,598,564		£4,137,132		£11,347,873	
Revised funding deficit (inc prudential borrowing)	(£7,201,436)		(£16,812,868)		(£1,042,127)	
<i>Revenue required to fund 100% of capital deficit:</i>		£930,659		£1,412,848		£835,570
<i>Revenue deficit:</i>		(£485,658)		(£1,133,843)		(£70,280)
<i>Revenue deficit assuming existing revenue budget retained:</i>		(£50,658)		(£698,843)		£0

Table 22: Finchley Financial Analysis based on 25-year borrowing

	Core Scenario		Worst Case Base income & higher costs		Best Case Higher income & base costs	
	Total	Annual	Total	Annual	Total	Annual
Capital cost	£9,400,000		£14,100,000		£8,450,000	
Funding available	£9,400,000		£9,400,000		£9,400,000	
Funding deficit	£0		(£4,700,000)		£0	
Projected management contract income		£352,724		£172,768		£567,952
Management fee		£0		£0		£0
Potential prudential borrowing from management contract income	£5,230,262		£2,561,836		£8,421,714	
Revised funding deficit (inc prudential borrowing)	£5,230,262		(£2,138,164)		£8,421,714	
<i>Revenue required to fund 100% of capital deficit:</i>		£0		£316,963		£0
<i>Revenue deficit:</i>		£0		(£144,196)		£0
<i>Revenue deficit assuming existing revenue budget retained:</i>		£0		£0		£0

Table 23: Hendon Financial Analysis based on 25-year borrowing

	Core Scenario		Worst Case Base income & higher costs		Best Case Higher income & base costs	
	Total	Annual	Total	Annual	Total	Annual
Capital cost	£11,500,000		£17,250,000		£10,330,000	
Funding available	£11,500,000		£11,500,000		£11,500,000	
Funding deficit	£0		(£5,750,000)		£0	
<hr/>						
Projected management contract income		£155,292		£7,959		£318,155
Management fee		£0		£0		£0
Potential prudential borrowing from management contract income	£2,302,709		£118,018		£4,717,672	
Revised funding deficit (inc prudential borrowing)	£2,302,709		(£5,631,982)		£4,717,672	
<hr/>						
<i>Revenue required to fund 100% of capital deficit:</i>		£0		£387,774		£0
<i>Revenue deficit:</i>		£0		(£379,815)		£0
<i>Revenue deficit assuming existing revenue budget retained:</i>		£0		£0		£0

11.1 Summary

At an individual facility level, the affordability analysis has shown the following:

- **Church Farm:** based on a core capital cost of £8.9 million, it is estimated that there is a funding gap of £5.1 million taking into account £750,000 of capital funding and prudential borrowing over 25 years.
- In borrowing terms, the £5.1 million funding gap equates to an additional £344,000 of revenue required per annum.
- If the additional £435,000 from the leisure budget were available and committed to this scheme, the scheme would be affordable.

- **Barnet Cophall:** based on a core capital cost of £14.3 million, it is estimated that there is a funding gap of £7.2 million taking into account prudential borrowing over 25 years.
- In borrowing terms, the £7.2 million funding gap equates to an additional £486,000 of revenue required per annum.
- If the additional £435,000 from the leisure budget were available and committed to this scheme, it is estimated that there would be a £51,000 annual revenue deficit.

- **Finchley and Hendon:** both have been assumed to be self-funding schemes linked to the associated major developments and have core capital costs of £9.4 million and £11.5 million. As both of the centres would offer a positive management fee income to the Council, this could be used to fund additional prudential borrowing for the other proposals.

11.1 Portfolio-level Analysis

The analysis above considers the proposed facility developments in isolation. They give an early indication of the affordability of the Council's aspirations across the four sites. In the case of Church Farm and Barnet Copthall, there is an affordability gap (in either capital or revenue terms).

The next stage (to put each development in its wider context) was to create a portfolio-level affordability analysis. This was completed in conjunction with representatives of the Council's finance department. It was agreed that, as both Finchley and Hendon were medium-term aspirations and potentially self-financing through developer contributions, the analysis would focus on the delivery of Church Farm and Barnet Copthall. These are also the two highest priority schemes. In addition, a secondary scenario was undertaken in which Church Farm was excluded and only Barnet Copthall was delivered. This is because it is recognised that delivering a new Church Farm will be more challenging from a planning perspective. Therefore, the two scenarios were as follows:

- **Core scenario:** delivery of a new Church Farm by year 1 of the new management contract and a new Barnet Copthall by year 2
- **Reduced scenario:** delivery of a new Barnet Copthall by year 2 of the new management contract and the retention of Church Farm until 2021-22.

Importantly, the analysis will demonstrate two things:

- To what extent the Council's two highest priority aspirations are affordable and, if not, what the funding gap is
- whether a nil revenue cost for the service as a whole is achievable in either scenario.

The key assumptions for this analysis (i.e. relating to prudential borrowing rate and term and capital and revenue costs) are as set out in elsewhere in this section. The ongoing revenue position and condition survey investment requirements for the other three centres (i.e. Finchley, Hendon and Burnt Oak) are as set out in Section 10.1. Finally, the analysis also taken into account an annual leisure revenue budget of £419,250 and £1.6 million of capital reserves.

Finally, an in consultation with the Council's financial officers, the analysis was undertaken over a 25-year period starting at the commencement of the new leisure management contract (i.e. the 2017-18 financial year). This reflects the proposed 25-year borrowing term.

The portfolio-level affordability analyses are shown in Table 24 and Table 25.

Table 24: Affordability Analysis at a Portfolio Level for Core Scenario

Year Contract Year	Average (Y1 to Y25)
New Leisure Contract Income	
Church Farm	(205,464)
Barnet Cophall	(415,402)
Finchley	(243,170)
Hendon	(82,655)
Burnt Oak	(124,953)
Total Leisure Contract Management Fee/(Income)	(1,071,644)
Condition Survey Repairs	
Finchley	24,368
Hendon	121,331
Burnt Oak	110,643
Net revenue before loan repayment + costs	(815,301)
Capex	
PWLB Borrowing	
Repayment + Interest	1,487,348
Net Expenditure/(Income)	672,046
Budget	419,250
Reserve	59,259
Total Budget	435,250
Under/(Overspend)	(236,796)

Table 25: Affordability Analysis at a Portfolio Level for Reduced Scenario

Year Contract Year	Average (Y1 to Y25)
New Leisure Contract Income	
Church Farm	33,628
Barnet Cophall	(415,402)
Finchley	(243,170)
Hendon	(82,655)
Burnt Oak	(124,953)
Total Leisure Contract Management Fee/(Income)	(832,552)
Condition Survey Repairs	
Church Farm	46,866
Finchley	24,368
Hendon	121,331
Burnt Oak	110,643
Net Revenue before loan repayment + costs	(529,343)
Capex	
PWLB borrowing requirement	
Repayment + Interest	935,098
Net Expenditure/(Income)	405,755
Budget	419,250
Reserve	59,259
Total Budget	435,250
Under/(Overspend)	29,495

The analysis at a portfolio level demonstrates that in the **core scenario** there is on average an annual revenue funding gap of £237,000. however, the gap is higher in the earlier years, particularly in year -1 and 0 (i.e. before the start of the new management contract when the Council will continue to pay the

existing management fee and there will be a significant condition survey investment requirement). By year 11, the annual deficit has reduced to £129,000. The estimated average annual management fee income to the Council for the new contract is £1.07 million.

In the **reduced scenario**, the removal of Church Farm after 2021-22 has a positive impact on the scheme's affordability and over the 25-year period there is an average annual surplus of £29,000. As with the core scenario, the picture varies over the period. There is an annual deficit in the first five years followed by a surplus. The estimated average annual management fee income to the Council for the new contract is £833,000.

The impact on the overall affordability of omitting the redevelopment of Church Farm is not unexpected given that the individual facility analysis set out in the previous section showed that there was a deficit on the scheme. Although removing Church Farm from the portfolio would have a positive financial impact, it is not a route we would recommend from a sporting need perspective given that the east of the borough is currently the poorest served in terms of leisure facilities. Not delivering a replacement for Church Farm would inevitably have a negative impact on the Council's aspiration to improve the health and participation levels of the borough's population.

12. Procurement and Management Considerations

12.1 Introduction

Following the financial and affordability analysis, the Council required consideration of two other areas: management considerations and procurement, both of which relate to the delivery of its aspirations.

12.2 Management Considerations

As set out in the report, the Council's portfolio is currently managed by GLL on a contract that expires in December 2017. The Council's intention is to retender the contract; however, there are two wider issues that could impact on this.

Firstly, there have been discussions between the Council and its partners about setting up a **trust to manage the Copthall estate**. As part of this, the inclusion of the management of Barnet Copthall Leisure Centre within the trust has been put forward (and therefore the separation of it from the rest of the management contract). It is our view that this would not be the most appropriate route for the Council to follow for the following reasons:

- The redeveloped Barnet Copthall should be the most valuable asset to the Council within the leisure portfolio and the centrepiece facility. Separating it out will have a negative impact on the attractiveness of the remainder of the contract to the leisure market and, as a consequence, a negative impact on the management fee income received by the Council.
- By separating out the management of Barnet Copthall, the Council will in effect have two separate operators managing its leisure portfolio and, thus, a less coherent service (for example, there would potentially be two pricing structures, one for Barnet Copthall managed by the trust and one for the remainder of the facilities managed by a separate operator)
- The trust would be managing a single leisure facility (i.e. Barnet Copthall) and it is unlikely that it would be able to achieve the same revenue position as set out in this report (not least as the trust would not benefit from the efficiencies across central overheads that an established management operator can achieve).

The second area the Council wishes to consider is that of an **asset transfer**. This approach has been used to a limited extent elsewhere in leisure by Councils who are seeking to remove the burden of loss-making facilities (two of the operators approached had experience of it) while ensuring that leisure provision is retained within their area. Typically, the Council would grant a long lease (e.g. 99 years) to an operator, who would then assume responsibility for the operation of the facilities and **all** ongoing revenue

and capital investment risk. This is generally a route of last resort for Councils if there is no prospect of the facilities in question operating at the surplus (or within a specific budgetary envelope). In Barnet's case, as this report has shown, with investment the Council's facilities have the potential to generate significant income for the Council and it is not recommended that the Council relinquishes this opportunity.

In addition, while an asset transfer would pass the management risk to a third party, it would also mean that the Council would relinquish its control over pricing and programming, which would have a significant impact on their ability to deliver the public health outcomes in the manner they wish to. Under a management contract, the Council would retain a level of control over this through the Services Specification and Performance Mechanism.

As part of the overarching Outline Business Case report, the Council is developing a detailed programme for the delivery of all of its leisure schemes and aspirations over the coming years. This includes consideration of the procurement routes to be used where appropriate. Based on the findings of this project, set out below is our view of the most appropriate route for the leisure facility elements.

12.3 Procurement Considerations

The SPA outline business case indicated that a **Design, Build, Operate and Maintain (DBOM)** structure would be the most appropriate route for delivering the Council's facility aspirations.

In summary, a DBOM contract is one where an operator-led consortium designs, builds and then operates a facility(ies) on a long-term contract (typically 15 years as a minimum and usually 20-25 years). The advantages of this route are that it should achieve greater risk transfer from the Council to the operator (both in capital development and operational terms) and deliver a better price long-term management fee due to linking the design with management.

However, there are also disadvantages. Firstly, experience indicates that they tend to be more complicated and longer procurements (two years as a minimum is not unrealistic), partly because of the greater onus placed on the bidders but also because they will usually follow the competitive dialogue route (which requires more work at bid stage and additional due diligence).

Secondly, before launching a DBOM, the Council needs to have achieved certainty (scope, cost, affordability, etc) over the all of the schemes it intends to deliver, so it takes more time to reach the market.

Thirdly, the market for DBOM contracts is much more limited, with typically a maximum of four companies active (Places for People, Parkwood, SLM and GLL). Of these, only Places for People and Parkwood have been regular and active participants over the last five years or more.

Therefore, our view is that given the level of uncertainty that still exists over the timing of the delivery of the schemes (in particular Finchley and Hendon), it would be advisable for the Council to follow **design and build** contracts for the developments and a separate **management contract**.

This approach would give the Council much greater flexibility over which schemes it delivers and when. It is the approach that most of the leisure operator market is more comfortable with and used to.

In addition, given current activity in the market and given that this should be an attractive opportunity (if linked with capital investment), it is realistic to expect that the Council would get 7-8 operators who wish to bid for it. This would create significant competitive tension and also, given the Council's desire to seek innovative approaches to public health outcomes, a much broader range of responses than a DBOM would offer. If structured carefully, the leisure operators can also be approached to provide their views on the emerging designs for the new centres through a soft market testing exercise.

A summary of the advantages and disadvantages of the two routes is presented in Table 26.

Table 26: Procurement route advantages and disadvantages

	Advantages	Disadvantages
DBOM	<ul style="list-style-type: none"> • Greater risk transfer • Potential economies on construction • Potential for a better management fee 	<ul style="list-style-type: none"> • Smaller market (2-4 operators) • Longer procurement • More costly procurement (technical advisers, legal, etc) • Takes longer to go to market • Less flexible contract length (min 15 years to 25-30 years) • Less well used route (e.g. last DBFO closed in 2008-09)
D&B & management contract	<ul style="list-style-type: none"> • Well-used route – all operators familiar with it • Highly competitive market – circa 8-10 main organisations • More flexible to allow for phased facility development • More flexible contract lengths • Shorter procurement • Less costly procurement 	<ul style="list-style-type: none"> • Less risk transfer across portfolio • Care required appointing right D&B contractor.

13. Conclusions and Recommendations

It is clear from all of the work undertaken that significant investment is required across the Council's leisure centre portfolio to ensure that it can meet customer expectations and contribute to achieving the Council's aspirations around improving public health in the future. Of the five facilities, investment is needed as a priority at Church Farm and Barnet Copthall. Beyond them, Finchley and Hendon will require investment in the medium-term, but are also potentially going to be subject to wider redevelopment plans which could deliver new facilities at no cost to the Council.

Despite the current condition of the facilities, it is also clear that the Council is not achieving value for money on its existing management contract. At present, the management fee is £1.16 million (rising to £1.39 million by 2017). Given the population in the borough, the relative affluence and the projected future growth in population, the Council should be able to achieve a significantly better financial arrangement when the current contract ends in December 2017. If it were to make no significant investment in the fabric of the buildings, it has been estimated that the cost of the service could reduce to circa £527,000. However, this would simply maintain the facilities in the minimum condition to be operational and would not address the known quality and age issues at both Church Farm and Barnet Copthall. In short, it would not provide the **long-term solution** the Council is seeking. It would also not deliver a revenue neutral position.

13.1 Future Development Options

Based on the needs assessment work undertaken previously and as part of this report, the following core future **facility mixes** were identified for each of the centres:

- **Church Farm:**
 - 25m, 6 lane pool
 - learner pool with moveable floor
 - 70-75 station gym
 - 2 dance studios
 - Café.

- **Barnet Copthall:**
 - 25m, 8 lane pool
 - 25m, 6 lane pool
 - learner pool with moveable floor
 - 110-115 station gym
 - 2 dance studios
 - spinning studio
 - café.

- **Finchley:**
 - 25m, 6 lane pool
 - learner pool with moveable floor
 - leisure water/splashpad space
 - 100-110 station gym
 - 2 dance studios
 - café.

- **Hendon:**
 - 25m, 6 lane pool
 - learner pool with a moveable floor
 - 80-station health and fitness gym
 - 2 dance studios
 - gymnastics hall
 - 4-court sports hall.

Burnt Oak was deemed to be in a satisfactory condition and so significant investment would not be required. However, it is realistic to expect an improved financial contribution from the centre on contract retendering as it is performing below benchmark levels at present.

13.2 Site Options Appraisal

A new Barnet Copthall should be located within the existing Copthall estate – preferably on a more prominent site. The current preferred position on the land to the west of the current centre addresses this to an extent without dislocating it from the other facilities on the estate. For Hendon, the scheme will form part of the Brent Cross/Cricklewood regeneration and so a specific site has not yet been identified. However, the findings of this study provide the Council with the necessary information to identify the right site (in terms of size).

For the other two facilities (i.e. Church Farm and Finchley) a series of potential sites were identified. It is particularly important for Church Farm as the replacement of this facility is the highest priority. They were assessed based on an objective evaluation framework (taking into account factors such as planning considerations, size, potential for capital receipts, etc) and the following were identified as the preferred locations:

- **Finchley:** the site immediately to the north of the current centre currently occupied by the bowls club. This site is a medium term prospect given that the wider development scheme is in its early stages; however, this is not an issue as the current centre is not the highest priority for the Council

- **Church Farm:** all six sites evaluated have potential sensitivities; however, the most appropriate was deemed to be Cat Hill/Park Road (Danegrove School playing field) and Victoria Recreation

Ground. The key sensitivity is the school playing field designation (albeit that it has not been used for many years).

13.3 Financial Analysis

Having identified a facility mix and completed a site evaluation, each proposal was then evaluated financially taking into account the following:

- indicative layout and capital cost
- 10-year revenue projections
- potential capital and grant funding
- potential prudential borrowing raised via the anticipated management fee income
- overall project affordability.

The results are summarised below.

13.4 Church Farm

The results of the financial analysis for Church Farm were as follows:

- **core capital cost** of £8.9 million (at 2014 prices) with an optimistic cost of £8.0 million and a pessimistic cost of £13.4 million
- projected annual **management fee income** to the Council (over a 10-year contract) of £205,000
- potential **prudential borrowing** from management contract income of £3.0 million
- **capital funding** deficit of £5.1 million (when considered as a stand-alone scheme).

An option to include a 6-court sports hall was also assessed. It was not recommended as it increases the financial deficit of the scheme and the inclusion of a sports hall (i.e. circa 9m high) is likely to be highly sensitive from a planning perspective. In addition, although a need for a sports hall was identified, it was not overwhelmingly strong and as discussed in the needs analysis, the Council's priority should be to secure use of existing educational sites.

13.5 Barnet Copthall

The results of the financial analysis for Barnet Copthall were as follows:

- **core capital cost** of £14.3 million (at 2014 prices) with an optimistic cost of £12.9 million and a pessimistic cost of £21.5 million
- projected annual **management fee income** to the Council (over a 10-year contract) of £445,000
- potential **prudential borrowing** from management contract income of £6.6 million
- **capital funding** deficit of £7.2 million (when considered as a stand-alone scheme).

The option to include a diving pool was also explored; however, it was not included within the core scheme given that it will increase the affordability gap. It is recognised that there will be a sensitivity in omitting diving from the new centre.

13.6 Finchley

The results of the financial analysis for Finchley were as follows:

- **core capital cost** of £9.4 million (at 2014 prices) with an optimistic cost of £8.5 million and a pessimistic cost of £14.1 million
- projected annual **management fee income** to the Council (over a 10-year contract) of £352,000

As discussed in the report, Finchley has the realistic potential to be funded fully via a residential development of its current site and the relocation of the centre to an adjacent site to the north. It should be a medium-term priority for the Council.

13.7 Hendon

The results of the financial analysis for Hendon were as follows:

- **core capital cost** of £11.5 million (at 2014 prices) with an optimistic cost of £10.3 million and a pessimistic cost of £17.3 million
- projected annual **management fee income** to the Council (over a 10-year contract) of £155,000

As discussed in the report, Hendon has the realistic potential to be funded fully via the Brent Cross/Cricklewood regeneration scheme. The findings of this report should inform the provision of a new centre as part of the Brent Cross/Cricklewood regeneration scheme.

Based on the requirements at the other four centres, Burnt Oak was not deemed a priority for significant investment. As part of a retendered management contract, it is reasonable to expect the new operator to make minor investment to that facility and on this basis an improvement management fee position should be expected.

Based on the four schemes set out above, in our view the priority of the developments are as follows:

- Priority 1: Church Farm
- Priority 2: Barnet Copthall
- Priority 3: Finchley
- Priority 4: Hendon.

13.8 Portfolio illustration

The final stage of was to create a portfolio-level affordability analysis. It was based on the following scenarios:

- **Core scenario:** delivery of a new Church Farm by year 1 of the new management contract and a new Barnet Copthall by year 2.
- **Reduced scenario:** delivery of a new Barnet Copthall by year 2 of the new management contract.

Importantly, the analysis demonstrated two things:

- To what extent the Council's two highest priority aspirations are affordable and, if not, what the funding gap is
- whether a nil revenue cost for the service as a whole is achievable in either scenario.

Table 28 summarises the affordability of the Core scenario.

Table 27: Affordability Analysis at a Portfolio Level for the Core scenario

Year Contract Year	Average (Y1 to Y25)
New Leisure Contract Income	
Church Farm	(205,464)
Barnet Cophall	(415,402)
Finchley	(243,170)
Hendon	(82,655)
Burnt Oak	(124,953)
Total Leisure Contract Management Fee/(Income)	(1,071,644)
Condition Survey Repairs	
Finchley	24,368
Hendon	121,331
Burnt Oak	110,643
Net revenue before loan repayment + costs	(815,301)
Capex	
PWLB Borrowing	
Repayment + Interest	1,487,348
Net Expenditure/(Income)	672,046
Budget	419,250
Reserve	59,259
Total Budget	435,250
Under/(Overspend)	(236,796)

The analysis at a portfolio level demonstrates that in the **core scenario** there is on average an annual revenue funding gap of £237,000. The estimated average annual management fee income to the Council for the new contract is £1.07 million.

In the **reduced scenario**, the removal of Church Farm has a positive impact on the scheme's affordability and over the 27-year period there is an average annual surplus of £29,000. The estimated average annual management fee income to the Council for the new contract is £833,000.

The impact on the overall affordability of omitting the redevelopment of Church Farm is not unexpected given that the individual facility analysis set out in Section 13.4 above showed that there was a deficit on the scheme. Although removing Church Farm from the portfolio would have a positive financial impact, it is not a route we would recommend from a sporting need perspective given that the east of the borough is currently the poorest served in terms of leisure facilities. Not delivering a replacement for Church Farm would inevitably have a negative impact on the Council's aspiration to improve the health and participation levels of the borough's population.

13.9 Procurement and Management Considerations

In terms of management considerations, it is our view that the management of Barnet Copthall should be retained within the leisure management contract and not transferred to the proposed Copthall trust. This will ensure that there is a coherent service across all of the Council's leisure facilities and will maximise the attractiveness of the leisure management contract to the market by retaining the most valuable and centrepiece facility.

In addition, given the potential for the leisure portfolio to generate a significant management fee income to the Council if investment is made, a traditional management contract approach (as opposed to asset transfer to a third party or parties) is the most appropriate route to follow.

As for procurement, the original SPA outline business case set out a DBOM procurement route as the most suitable option for the Council. This recommendation has been reviewed with the Council team and in the context of the findings of this study. The Council is currently developing a detailed procurement plan for the delivery of all of its leisure schemes and aspirations. For the leisure facilities, based on the uncertainty and variance in the timescales for the delivery of each of the new facilities, it has been recommended that the Council follows design and build procurements for the facility developments and a separate management contract to secure a new operator. This will mean the Council will retain a degree of flexibility over the delivery of the schemes and also ensure that it secures the maximum interest in (and hence competition for) the management of its leisure centres in the long-term. It is also the route the leisure operator market is most comfortable with.

If the management contract is tendered separately and if the facility developments proposed in this report progress, it is realistic to expect that seven or eight leisure operators would bid for it. Conversely, if a DBOM route were followed, the market is significantly more limited and it is likely that only two or three would come forward. Given the Council's other stated desire to deliver a range of public health outcomes through the contract, it would be advantageous to follow the route that will secure the greatest interest and competition to ensure that the Council secures the broadest range of public health approaches and can select the approach that best meets their needs.

13.1 Overall Recommendations

This report has considered the future of the Council's leisure portfolio and the most appropriate routes to follow to ensure that it can meet the population's expectations in the future and contribute to improving their health and well-being. In summary, the overall recommendations are as follows:

- zero revenue subsidy across the portfolio cannot be achieved without significant capital investment. Therefore, a simple retendering of the contract in time for January 2018 will not deliver the Council aspiration, nor would it address the quality and age issues at Church Farm and Barnet Copthall
- Church Farm should be replaced with a new wet and dry centre at Cat Hill/Park Road
- Barnet Copthall should be replaced with a new wet and dry centre within the Copthall estate
- replacing Finchley with a new wet and dry centre on or adjacent to its current site should be progressed as a medium-term aspiration
- Hendon should be replaced with a new wet and dry centre (including the gymnastics provision) as part of the Brent Cross/Cricklewood regeneration scheme
- the management of Barnet Copthall should be retained within the leisure contract and not transferred to the proposed Copthall trust
- the construction of new facilities should be separated from the management contract to provide the Council with greater flexibility over the timescales for delivery and also to maximise the level of interest in the management contract.