

Cabinet
Council

28 November 2017
5 December 2017

Name of Cabinet Member:

Cabinet Member for Public Health and Sport – Councillor Caan

Director Approving Submission of the report:

Deputy Chief Executive (Place)

Ward(s) affected:

All

Title:

Indoor Pitch Facility at the Alan Higgs Centre

Is this a key decision?

Yes. The proposal in the report is a key decision because the value of the transaction is greater than £1 million.

Executive Summary:

The purpose of this report is to seek approval to provide a financial facility arrangement to enable the development of an indoor pitch facility at the Alan Higgs Centre (AHC) as part of a larger development scheme. The Coventry and Warwickshire Award Trust (CAWAT), which owns the AHC, is seeking a loan of up to £1.5m, from Coventry City Council to enable them to re-provide the current indoor pitch facility which will be displaced by the provision of the new 50m pool. The new indoor pitch facility will primarily be for community use.

If CAWAT secure the funding from Coventry City Council this will enable them to begin development of the site in time to ensure the indoor pitch facility will be ready for September 2018, limiting the period of disruption to community access to facilities.

It is proposed that the financial facility arrangement would be in the form of a 40 year loan to CAWAT, lent to CAWAT on a commercial basis and at a fixed commercial rate of interest. This financial arrangement will be at no net cost to the Council, instead the loan will generate a surplus for the Council, as the cost of borrowing for our funds are lower than the commercial rate at which the Council would lend.

Recommendations:

The Cabinet recommends that Council:

- 1) Approve in principle the grant of a loan facility up to the sum of £1.5m to Coventry and Warwickshire Award Trust, at a commercial rate of interest for a period of up to 40 years as detailed in section 5.1, for the provision of an indoor pitch facility at the Alan Higgs Centre.
- 2) Approve the addition of up to £1.5m to the capital programme.
- 3) Delegate authority to Deputy Chief Executive (Place) and the Director of Finance and Corporate Services (Section 151 Officer), in consultation with the Cabinet Member for Public Health and Sport and the Legal Services Manager to undertake all necessary due diligence and to finalise the terms and details of the loan arrangement and to thereafter manage the loan facility. The authority under this recommendation shall include the power to negotiate and agree variations to the terms of the loan facility.

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3. Delegate authority to Deputy Chief Executive (Place) and the Director of Finance and Corporate Services (Section 151 Officer), in consultation with the Cabinet Member for Public Health and Sport and the Legal Services Manager to undertake all necessary due diligence and to finalise the terms and details of the loan arrangement and to thereafter manage the loan facility. The authority under this recommendation shall include the power to negotiate and agree variations to the terms of the loan facility

List of Appendices included:

None

Background papers:

None

Other useful documents

Cabinet report - City-Wide Public Leisure provision 30 August 2016

<http://democraticservices.coventry.gov.uk/ieListDocuments.aspx?CId=124&MId=11040&Ver=4>

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

Yes 5th December 2017

Report title: *Indoor pitch facility at The Alan Higgs Centre*

1. Context (or background)

- 1.1. In August 2016 Council approved the recommendation (subject to planning consent) for the future development of a 50m swimming pool at the Alan Higgs Centre (AHC). The development of a 50m swimming pool on this site would displace the current indoor pitch/training facility which is used by both the community and the Coventry City Football Club (CCFC) Academy.
- 1.2. During 2016 and 2017, Coventry and Warwickshire Award Trust (CAWAT), who own the AHC explored the option of Wasps building a new dedicated Training Centre at the AHC, which would have included an indoor pitch facility that would also have been available for community use.
- 1.3. The opportunity for Wasps to develop their Training Centre on the site meant that the expectation of a replacement facility was very quickly aligned to the delivery of the pool. Sport England, who are a statutory consultee on planning matters relating to the loss of playing facilities, indicated that they would expect to see the re-provision for community use via the proposed new indoor pitch facility.
- 1.4. Through the summer of 2017, it became apparent that Wasps were not ready to commence their proposed development and could not commit to the time line required to ensure the deliverability of the 50m pool development. It was identified that further delay would have a knock-on effect on the proposed 50m pool programme.
- 1.5. To enable the re provision of an indoor pitch facility that could be used for community and other use, alternative funding options were therefore explored to fund the building of the indoor pitch facility.
- 1.6. To meet with programme requirements, it is necessary for the planning application for the 50m pool and indoor pitch facility to be submitted by 10th November 2017.

2. Options considered and recommended proposal

There are four options for consideration:

2.1. Do Nothing (Not Recommended)

- 2.1.1. This option would in all likelihood sacrifice the delivery of the 50m swimming pool at the AHC by jeopardising current potential opportunities to secure external funding and by increasing programme costs through delaying and requiring a re-design of any proposed scheme. It would, however, retain the Indoor Pitch Facility for the future use of the community and other users.

2.2. CAWAT to borrow the funding externally for the development of the Indoor Pitch

- 2.2.1. This option would require a renewed permission from the Alan Edward Higgs Charity and a Charities Act Report in respect of any securities required by a financing institution. This would cause significant delays whilst the finance was sourced and incur additional costs in construction delays and the ongoing costs associated with maintaining the existing Coventry Sport and Leisure Centre at Fairfax Street. The funding itself may not be guaranteed through the 'isolated context' of such financing (i.e. without there being any consideration of the association with the 50m swimming pool).

2.3. CCC to build and own the Indoor Pitch facility, renting it to CAWAT or CSF

2.3.1. This option would require the permission of the Alan Edward Higgs Charity and a Charities Act Report in respect of a proposed land disposal to CCC rather than to Wasps. This would cause significant delays whilst the finance was sourced and would be a significantly more expensive scheme to incorporate all the 'stand-alone' facilities (i.e. changing, reception etc.) that would be required for it to be owned by a separate entity. There would also be additional costs incurred in construction delays, additional ongoing costs associated with maintaining the existing Coventry Sport and Leisure Centre at Fairfax Street (if seamless transition was to be secured) and it would result in additional procurement costs.

2.4. CCC to loan CAWAT the funding for building the Indoor Pitch, at a commercial rate of interest (Recommended)

2.4.1. This option would ensure that the Planning Application for the 50m Swimming Pool and the Indoor Pitch could be submitted and considered in time to maintain the programme for delivery. It would secure the delivery of the 50m swimming pool at the AHC, maintaining the programme and budgetary position and retaining the important community use of the Indoor Pitch. The loan would also provide a commercial income for CCC over and above the capital repayments.

2.4.2. If the loan is approved, during the 8 weeks of planning consideration, the funding model would be submitted to CAWAT Board for approval, in time for procurement of a contractor, appointment, stand still, mobilisation and construction, for completion by the 1st September 2018. The commencement of the 50m swimming pool construction programme could also remain on track for the 1st April 2018.

3. Results of consultation undertaken

3.1. A more detailed account of the consultation undertaken in developing the Coventry Sports Strategy 2014-2024 is included in the 'Coventry Sports Strategy 2014-2024' Cabinet Paper (Coventry City Council, 2014). This paper focuses only on those elements of the consultation that are particularly pertinent to the recommendations/considerations contained within this report.

3.2. The Emerging Vision for Sport in Coventry was developed through the review and detailed consideration of responses from the Coventry Sport and Leisure Survey; further direct consultation with local, regional and national sporting stakeholders; and extensive desktop research and analysis. This process culminated in the drafting of eight key Vision Aims designed to encapsulate the sporting aspirations for Coventry over the next ten years.

3.3. Within the eight Vision Aims of the Strategy, Vision Aim 5 seeks: "To provide a range of modern, accessible, and high-quality sports facilities."

3.4. Accordingly, assessments of the city's indoor sports facilities were also carried out, in collaboration with facility operators. These assessments provided a detailed picture of current indoor sports provision in Coventry, showing the number, location, quality and use of the city's indoor facilities.

3.5. The key findings to emerge from this **assessment** were that:

- i. the quality of indoor facilities varied greatly - from those that were of 'very poor' quality to those that were of 'very good' quality
- ii. many of the city's indoor facilities were found to be located within schools, which offered varying levels of community use

- iii. Coventry Sports and Leisure Centre and Foleshill Sports and Leisure Centre were both adjudged to be no longer 'fit for purpose'
 - iv. funding being used to support these ageing public sports and leisure facilities could be used to invest in new, modern and more accessible sports and leisure facilities
 - v. swimming pool provision across the city would need to be considered in light of the proposed closure of Coventry Sports and Leisure Centre
- 3.6. Further to the launch of the Emerging Vision for Sport in Coventry, work was undertaken with a range of stakeholders to develop the Strategic Objectives for the Strategy. Initially, 48 Strategic Objectives were drafted, although these were refined to 37 throughout the period of early stakeholder consultation.
- 3.7. In February 2014, the draft partnership 'Sports Strategy 2014-2024' was formally launched for a period of public consultation. In addition to considering the responses to the survey undertaken as part of public consultation on the draft Strategy, representations from the City of Coventry Swimming Club and the ASA resulted in the City Council, CSF and CST undertaking additional facility modelling focused on the feasibility of providing a new 50m swimming pool in the city centre.
- 3.8. During the above period of consultation, two petitions were also launched expressing opposition to the loss of a 50m pool in Coventry. These petitions were considered at the Joint Cabinet Member meeting of 23 July 2014.
- 3.9. Key Findings of the Consultation
- 3.9.1. A detailed paper outlining the results of the public consultation can be viewed at www.covsport.org.uk . The key findings of relevance to this paper are that:
- i. the strategy was very well received and there was little opposition to either the Vision Aims or the Strategic Objectives. There was agreement to each of the Vision Aims from at least 82% of respondents
 - ii. the area attracting the most objections across survey responses was the proposed loss of 50m swimming pool provision in the city. Each Vision Aim invited comments and there was also a general comments section at the end. In total, 3,022 comments were received across all sections of the survey. Of these, 1,573 were objections to the loss of 50m pool provision
 - iii. the following issues were included amongst those identified in responses that referenced concern over the loss of 50m pool provision in the city: the destabilising the City of Coventry Swimming Club, specifically including the impact of the loss of Amateur Swimming Association National Beacon Status; reduced pool capacity for club training; the displacement of current pool users; the loss of competition facilities in the city; the loss of the only current 50m competition pool in the West Midlands region; the need to provide opportunities in swimming from Learn-To-Swim through to competition squads; need to make swimming a 'Key Sport' – it is the highest participation sport in the country
 - iv. there is a need to ensure sports provision and support for disabled people. In total, 101 comments were received supporting both the need to improve facilities for disabled people and to increase participation in sport and active recreation by disabled people and/or people with long-term limiting illness
 - v. many of the respondents commented on the need for high quality facilities for people of all sporting abilities. In total, there were 250 comments relating to this, and many of these also referred to the need for facilities in neighbourhoods

- vi. there is a need to ensure provision in the neighbourhoods. Comments on this included the need to provide a pool at the Alan Higgs Centre; sports hubs with free parking are essential; provision across central and neighbourhood facilities should be complementary
- 3.10. Subsequent to the above, consultation on the design and development of the 50m swimming pool at the Alan Higgs Centre has been undertaken with key stakeholders such as Sport England, the Amateur Swimming Association (National Governing Body for Swimming) and the City of Coventry Swimming Club. The aim of this consultation process was to inform the scope of the scheme, ensure compliance with relevant design guidance and to support design and planning approval processes.

4. Timetable for implementing this decision

- 4.1. Planning permission for the 50m swimming pool and Indoor Pitch facility at the Alan Higgs Centre will have been submitted by CAWAT in November 2017 with an anticipated approval date of January 2018. If approved, the recommendation in 2.4 above will be progressed immediately with relevant due diligence of the Indoor Pitch facility business plan. The funding model through borrowing at a commercial rate would be reviewed and approved by Deputy Chief Executive (Place) and the Director of Finance and Corporate Services (in consultation with the Cabinet Member for Public Health and Sport) and the Legal Services Manager to finalise the terms and details of the loan arrangement and to manage the loan facility.
- 4.2. The funding model would also be submitted to the CAWAT Board for approval in time for the procurement of a contractor, appointment, stand still, mobilisation and construction for completion by the 1st September 2018.

5. Comments from Director of Finance and Corporate Services

5.1. Financial implications

- 5.1.1. Approval of the recommendation in this report would result in the Council providing a 40 year loan of up to £1.5m to fund the building of an indoor pitch facility at the AHC.
- 5.1.2. It is proposed that the agreement of the detailed terms of the loan is delegated to Deputy Chief Executive (Place) and the Director of Finance and Corporate Services (Section 151 Officer), in consultation with the Cabinet Member for Public Health and Sport and the Legal Services Manager on the basis that a commercial market interest rate is charged. It is anticipated that the loan would be at a fixed interest rate, with annual repayments by CAWAT.
- 5.1.3. In order to mitigate risk the Council will undertake due diligence work to:
- i. ensure that business plan for the development is robust. The plan sets out how the repayment of the loan can be financed through increased income generated by the facilities provided;
 - ii. assess the underlying financial strength of CAWAT;
 - iii. investigate other forms of security, including for example, the requirement for CAWAT to meet debt related financial covenants, or earmark reserves for the purposes of debt cover.
- 5.1.4. In addition, there are covenant restrictions over the site such that it cannot be used for commercial developments. These limitations provide the Council with assurance that the site must be used for community purposes over the longer term.

- 5.1.5. On an ongoing basis, once any loan has been provided by the Council, officers will monitor the arrangement in order to actively manage any ongoing debt repayment risk.
- 5.1.6. The loan will be treated as capital expenditure by the Council, to be resourced by prudential borrowing, with amounts set aside as Minimum Revenue Provision (MRP) in order to meet the cost of the borrowing.

5.2. Legal implications

- 5.2.1. The Council has the power to make loans under the General Power of Competence in Section 1 of the Localism Act 2011.
- 5.2.2. In order to mitigate any State Aid risks:
- 5.2.3. The loan will be provided on market terms. To this end, officers in Legal and Finance have undertaken an initial analysis using guidance from the European Commission “otherwise known as the EU Reference Rate” to get an indication of the range of what an acceptable interest rate would be to ensure State Aid compliance. This will also be strengthened by a report from an independent third party which is also being undertaken.
- 5.2.4. The Council will also be inserting relevant provisions within the loan documents to ensure the Market Economy Operator Principles are achieved in order to mitigate the risk of a state aid challenge.

6. Other implications

6.1. How will this contribute to the Council Plan (www.coventry.gov.uk/councilplan/)?

A prosperous Coventry – Vision Aim 5 of the Coventry Sports Strategy outlines the need “to provide a range of modern, accessible and high quality sports facilities in the city”. The first Strategic Objective for this Vision Aim specifically concerns future city centre leisure provision and the need “to develop city centre sports and leisure facilities that are accessible, high-quality, sustainable and of significance to the Midlands”. The Sports Strategy thereby puts leisure at the heart of city centre regeneration and promotes the city centre as a key regional destination for leisure activities and leisure tourism. The commercial success of the City Centre Destination Facility will, through the 50m pool proposals, further support investment in training and club competition facilities for swimming and water polo at the Alan Higgs Centre. It is anticipated that this will further increase external investment into the sporting infrastructure of the city.

Healthier, independent lives – Public leisure facilities play a vital role in addressing social challenges, promoting active lifestyles, increasing physical activity, reducing isolation and improving outcomes for individuals and communities. Vision Aim 1 of the Sports Strategy sets the ambition “to develop a more active, inclusive and vibrant Coventry through positive experiences in sport”. Through encouraging and supporting engagement in regular sport and/or active recreation, the Strategy aims to positively influence and contribute to the physical and mental health and wellbeing of the residents of Coventry. In particular, public leisure facilities and their operation have a key role to play in supporting the Council to deliver its public health objectives, directly supporting action to address priorities within the Joint Strategic Needs Assessment for the city. The provision of enhanced community sports and leisure facilities in the south east of the city is intended to broaden and widen participation in sport and leisure in the neighbourhoods, develop community hubs, and promote sustainable sporting pathways within sports.

Ensuring that children and young people achieve and make a positive contribution

– Investment in public leisure facilities enables and supports the provision of sporting opportunities through which many children and young people achieve and make a positive contribution. For example, the 50m pool proposals supported by the above recommendations support the City of Coventry Swimming Club in retaining Beacon Status through access to a modern 50m pool. The Club has a vibrant youth section and talent pathway, but also supports wider volunteering and opportunities through teaching, coaching and officiating.

Improving the environment and tackling climate change – The significant age and largely poor condition of Coventry Sports and Leisure Centre have resulted in it being adjudged as no longer ‘fit for purpose’. Whilst no decision has yet been made on the closure of CSLC, a modern 50m pool would offer greater energy efficiency and flexibility in usage. Furthermore, the development of such proposed facilities are predicated on a financially efficient model concerning the use of recycled savings from the closure and withdrawal of public leisure service provision from ageing and inefficient sites. This enables the existing resource to be moved from an inefficient model of subsidy to one of investment in quality, sustainable facilities and a projected revenue surplus due to the Council over the duration of the funding model.

6.2. How is risk being managed?

The 50m Swimming Pool is currently on programme and projected budget, with an application for Planning Consent ready to be submitted and the procurement of a Contractor entering its final phase.

Sport England have made it clear that a Planning Application for the 50m Swimming Pool should not be submitted without the Indoor Pitch re-provisioning shown to be part of the scheme.

The Planning Application needs to be submitted by November 10th 2017, if the 50m Swimming Pool scheme is to be delivered to programme.

Delays in the submission of the Planning Application and subsequent construction will cause an increase in costs to deliver the scheme and in the ongoing operation of the Coventry Sports and Leisure Centre at Fairfax Street.

6.3. What is the impact on the organisation?

There is no impact on Coventry City Council. The Indoor Pitch Facility will be provided by CAWAT and operated by Coventry Sports Foundation.

6.4. Equalities / EIA

Following consultation and analysis of demographic, health, sport and leisure data and survey responses for the city, an Equality and Consultation Analysis (ECA) was produced for the Sports Strategy (see Coventry Sports Strategy 2014-2024 Cabinet Report, Coventry City Council, August 2014).

With regards to the current proposals, demographic, health, sport and leisure data and public survey responses highlighted the following considerations within the ECA concerning protected groups under equalities legislation:

Vulnerable Communities (disadvantage/poverty)

- a) The pattern of participation in the city mirrors the city's deprivation patterns, with lower participation rates to be found in the north and east of the city and the higher participation rates to be found to the west and parts of the south.

Disability

- a) 4.5% of the total population of Coventry are economically inactive due to a long term illness or disability.
- b) The proportion of disabled people taking part in sport in the city is less than both national and regional averages.

Age

- a) There is a correlation between age and inactivity rates which are the highest amongst those aged 55+ (67.9%) and lowest for young adults aged 16-25 (43.3%)
- b) Cycling, swimming and athletics are characterised by an even spread throughout the age cohorts up to 64 years
- c) Young people often struggle to afford to participate in sport and active recreation as youth unemployment remains high and students and young earners are often under financial pressure.

Gender

- a) 50.3% of the local population are female.
- b) In Coventry, female inactivity (61.3%) is significantly higher than the equivalent male rate.
- c) In Coventry, the proportion of women regularly taking part in sport (15.2%) is less than half that of men (31.3%).
- d) Just under nine in ten of those taking part in keep fit exercises and six in ten swimmers are women.

The Equality and Consultation Analysis contained as an appendix to the 'Coventry Sports Strategy 2014-2024' Cabinet Paper (Coventry City Council, 2014) indicated the following potential equalities impacts with regard to the protected groups under equalities legislation which are particularly relevant to this report:

- a) The strategy was very well received and there was little opposition to either the aims or the strategic objectives. There was agreement to all eight of the vision aims from at least 80% of all respondents.
- b) A need to ensure sport provision and support for people with disabilities was highlighted in the consultation. In total 25 comments (2.3% of all comments) were received supporting the need for increased participation from people with disabilities and for facilities for the disabled.
- c) Many of the respondents commented on the need for high quality facilities for all abilities. In total there were 250 comments relating to this, and many of these also referred to the need for facilities in neighbourhoods.
- d) Linking sport to public health received 51 comments, with respondents wanting to see more done to improve the health of local people through sport.
- e) Comments relating to age were made by 46 respondents. These were almost equally spread between a need for more sporting opportunities for children and young people and older people.
- f) Very few comments were received in relation to gender, although support for Vision Aim 1 – relating to increased participation for females – was very well supported.
- g) Five comments were received supporting sport provision within neighbourhoods and how this could help those with an economic disadvantage participate more in sport.

6.5. Implication for (or impact on) the environment

Environmental Management

The Alan Higgs Centre is operated by Coventry Sports Foundation, who currently manage the environmental aspects of the 80-acre site through a partnership with the Living Environment Trust (LET). LET are responsible for the environmental, ecological and habitat management of the site and would therefore be contracted by the Foundation to oversee and manage / mitigate the environmental impact of the proposed project through the pre-construction, construction and operational phases.

During Construction

Construction would be undertaken in accordance with Secured By Design principles. Modern construction materials would be utilised and would present a significantly lesser impact on the environment than materials that were historically used. Site Waste Management techniques would be utilised and off-site manufacture would be prioritised wherever possible, thereby reducing reliance on water, minerals and other natural resources. Local contractors would be prioritised where appropriate and local specialised sub-contractors, suppliers and labour sources would also be utilised, wherever possible. If approved, the demolition and disposal of building materials from the affected areas of the existing Alan Higgs Centre would require an approved risk management and methodology strategy.

6.6. Implications for partner organisations?

The Coventry Sports Strategy 2014-2024, Coventry Indoor Facilities Strategy 2014-2024 and Coventry Aquatics Strategy 2014-2024 are partnership documents developed through consultation with a range of stakeholders. Approval and early implementation of the above strategies have given confidence to external funders that the city has clear objectives and priorities for sport to 2024. Further commitment to investing in sport and the implementation of the Strategy should assist partners when applying for external grant funding to deliver sport in the city.

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