

REPORT TO:	Cabinet 18 October 2021
SUBJECT:	Consultation on the Closure of Purley Leisure Centre
LEAD OFFICER:	Interim Executive Director for Place; Sarah Hayward Director for Growth, Employment & Regeneration; Stephen Tate
CABINET MEMBER:	Councillor Oliver Lewis; Cabinet Member for Culture & Regeneration
WARDS:	Purley & Woodcote

COUNCIL PRIORITIES 2020-2024

Closing Purley Leisure Centre will enable the Council to live within our means, balance the books and provide value for money for our residents. This will be achieved by avoiding further repair and maintenance costs on the leisure facility. It will also reduce losses within the Leisure contract, improving financial performance, increasing the profit share return to the Council, and providing surplus to re-invest in the borough's other leisure centres.

FINANCIAL IMPACT

Purley Leisure Centre is the oldest facility in the borough. It is currently closed due to broken obsolete mechanical and electrical equipment in the building. Estimates to replace the broken air handling unit are £200,000, but form part of a total replacement of the mechanical and electrical equipment in the building estimated in 2019 to cost £1,600,000, but with inflation and contingency this is likely to be closer to £2,000,000. In addition, there are also building repairs and maintenance required to make the leisure centre operational, estimated to cost a further £1,000,000.

Historically Purley Leisure Centre has operated at a significant loss within the Leisure contract, and has been subsidised through a management fee to the operator. In 2018/19 there were losses of £186,803, and 2019/20 losses of £123,139. Keeping the facility closed would remove a financial drain from the Leisure contract. The impact of this would be an increased likelihood of the contract operating at a surplus. Any surplus generated would be used to repay the £279,000 loan to GLL during the Covid pandemic. Once the loan was repaid, any surplus would be shared between the Council and operator, Greenwich Leisure Limited (GLL).

Due to the economic downturn following the Covid pandemic and the planned reduction in the management fee the Leisure contract is no longer able to support facilities that do not at least break even.

FORWARD PLAN KEY DECISION REFERENCE NO.: not a key decision

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below

1. RECOMMENDATIONS

The Cabinet is recommended to:

- 1.1 Not reopen Purley Leisure Centre.
- 1.2 Consult with residents on the mitigations of using alternative leisure facilities at Waddon and New Addington.

2. EXECUTIVE SUMMARY

- 2.1 Purley Leisure Centre is the oldest leisure facility in the borough, being built in 1982. It has not re-opened since the start of the Covid pandemic. Mechanical and electrical plant equipment has broken during the hibernation of the building and the building does not comply with guidance on ventilation post-Covid.
- 2.2 Repairs and maintenance costs of circa. £3m are required to bring the facility to a safe, modern and efficient standard.
- 2.3 The facility has historically operated at a deficit of £123,000 and £186,000 per year, with little opportunity to increase income. The economic impact of Covid means that Purley Leisure Centre can no longer be supported by other facilities in the Leisure contract.
- 2.4 Investment in Purley Leisure Centre does not provide value for money for residents and the facility will remain closed.
- 2.4 Consultation with residents from 11th October to 21st November 2021 on the mitigations of using nearby Waddon and New Addington leisure centres.

3. BACKGROUND

- 3.1 Purley Leisure Centre is situated in the south of the borough in the Purley and Woodcote ward. It was built in 1982 in a joint facility in Purley shopping precinct. The leisure facility contains a swimming pool and gym equipment.
- 3.2 Purley Leisure Centre is the oldest leisure facility in the borough and is in need of significant repair and maintenance to keep the building operational. A building condition report in November 2014 identified that the mechanical and electrical plant equipment was beyond its operational life and at risk of catastrophic failure. The report also identified that repairs and maintenance were required to the fabric and finish of the building to ensure that it was a safe and welcoming building. A copy of the report can be found in Appendix A.
- 3.3 Between 2015 and 2019 the following works were undertaken:
 1. Teaching Pool Plant room (Room 53)
 - a. AHU 4 Teaching Pool Void anti-condensation supply air unit.
 - b. AHU 5 Teaching Pool Supply and Extract.

Note: the above change only applies to the AHU itself - no pipework, control, ductwork or other ancillaries appears to have been changed.

2. Changing Room AHU (Room 52)

a. AHU 7 Supply Fan only replaced within the unit. The AHU case and other components remains existing.

3. Acc WC Changing Room AHU (Room 54)

a. AHU 6 Supply Fan only replaced within the unit. The AHU case and other components remains existing.

4. Boiler Room (Room B56)

a. Two burners replaced on the boilers.

- 3.4 A further survey of the mechanical and electrical equipment in 2019 identified that the plant equipment needed to be replaced within the next three years. The report estimated that the cost of replacing all of the plant would be £1,600,000. With inflation and contingency this is now likely to be £2,000,000. In addition, further building improvement works are required, estimated to be another £1,000,000. A copy of the report can be found in Appendices B, C, D, E and F.
- 3.5 The 2019 building survey highlighted that the age and condition of the building and the inefficient plant equipment make the running costs considerably higher than a modern equivalent. In addition, the inefficiency of the plant equipment was having a detrimental impact on the building fabric, causing ceiling tiles to fall, high levels of humidity, and condensation build up.
- 3.6 In addition, Purley Leisure Centre has been operating at a significant loss for a number of years. In 2018/19 the facility operated at a loss of £186,803, and in 2019/20 at a loss of £123,139. The Council have worked with Greenwich Leisure Limited (operating as Better) throughout the Covid pandemic to make efficiencies across the Leisure contract. At all other facilities it has been possible to reduce costs to ensure that each facility is operating on a cost neutral basis as a minimum, however this has not been possible at Purley Leisure Centre because of the high running costs.
- 3.7 When considered together, the capital repairs and maintenance costs needed to reopen, and the high running costs to operate do not provide value for money for residents.
- 3.8 The impact of Covid on the leisure industry has been significant. In March 2020 all leisure facilities had to close to meet Government guidance on social distancing. Between national lockdowns it was possible to open some leisure centres within the 2m social distancing regulations. However, due to the space and layout of Purley Leisure Centre it was not possible to do so.
- 3.9 Ahead of the lifting of social distancing guidelines on 19th July the operator attempted to turn on the mechanical and electrical plant equipment to ensure that it was working effectively and within updated guidance. Unfortunately, the air handling unit at Purley Leisure Centre would not work, and due to its age and condition is irreparable. Without a functioning ventilation system Purley Leisure Centre does not meet the latest guidance on air replacement in public buildings and, therefore, has not been able to reopen.

3.10 The Croydon Local Plan 2018 (Appendix H, page 333) identifies that Purley Leisure Centre, car park, and former Sainsbury's supermarket are suitable for redevelopment. Within the Plan highlights that the options for the site include:

“Mixed use redevelopment incorporating public car park, new leisure facilities, including a swimming pool, and other community facilities, healthcare facility, creative and cultural industries enterprise centre, retail or residential accommodation.”

3.11 A brand new leisure centre in New Addington was opened in January 2020 containing a competition standard swimming pool, gym and leisure facilities. There is sufficient capacity within this facility to accommodate Purley Leisure Centre users.

3.12 Proposals are being developed that will see the expansion of the gym facilities at Monks Hill Leisure Centre. Additionally, this will increase the gym facilities in the south of the borough.

3.13 The impact of Covid on the leisure industry has been significant. Across the country local authorities have been faced with costs associated with hibernating closed facilities and a loss of income from memberships. Membership rates in Croydon are currently at 72% or pre-Covid levels. The industry is slowly recovering after the social distancing restrictions have been eased, but not all facilities have been able to reopen. For example, Sheffield City Council have been unable to reopen Ponds Forge International Sports Centre because of £500,000 of repairs attributed to deterioration of the building during hibernation.

4. CONSULTATION

4.1 The Council commenced a six week consultation with residents on the mitigations of closing Purley Leisure Centre. This consultation is to ensure that residents are able to provide feedback on the mitigations of closing the facility.

4.2 The consultation began on 11th October 2021, following delegated authority from the Cabinet Member to commence the consultation. The consultation will close on 21st November 2021.

4.3 During the consultation Purley Leisure Centre will not reopen and users will be encouraged to use either Waddon or New Addington leisure centres. Both facilities have capacity in the gym and pool facilities to accommodate Purley Leisure Centre users.

4.4 Feedback from the consultation will be provided to Cabinet on 6th December 2021, with recommendations on any mitigation measures to be implemented.

5 PRE-DECISION SCRUTINY

5.1 The decision to consult with residents did not go to Pre-Decision Scrutiny.

6 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 6.1 Closing Purley Leisure Centre will avoid the need to spend £3m on capital investment in the facility. This capital expenditure is not factored into the Medium Term Financial Strategy and would be funded from additional borrowing.
- 6.2 Purley Leisure Centre was operating at a deficit of between £123,000 and £186,000 per year before the impact of the Covid pandemic. These losses have previously been funded from income generated in the contract and an annual management fee payment to Greenwich Leisure Limited. Currently leisure centres across the borough are operating at between 60% and 70% usual capacity as confidence in the sector is restored. This has impacted upon the income generation within the Leisure contract. Mitigations have been made at all other facilities to ensure that the leisure centre is operating on a cost neutral basis, however, this has not been possible at Purley Leisure Centre.
- 6.3 The Council have provided a loan of £279,000 to Greenwich Leisure Limited to cover the losses incurred at the start of the Covid pandemic. The Government have provided to Croydon £988,000 in grant funding as part of the National Leisure Recovery Fund. The criteria for this funding excluded Purley Leisure Centre from being eligible.
- 6.4 Closing Purely Leisure Centre will improve the timescale for GLL to repay to loan to the Council. Once repaid, any surplus generated within the contract will be split 40% Council: 40% GLL: 20% re-investment in the facilities.
- 6.5 **Revenue and Capital consequences of report recommendations**

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Revenue Budget available				
Expenditure				
Income				
Effect of decision from report				
Expenditure				
Income				
Remaining budget				
Capital Budget available				
Expenditure				
Effect of decision from report				
Expenditure				
Remaining budget				

6.6 **The effect of the decision**

Closing Purley Leisure Centre will remove a £123,000 to £186,000 deficit from the Leisure contract. This will likely increase the surplus share received by the Council, after the loan has been repaid, and increase money to be re-invested in other leisure facilities.

The Council will avoid costs of circa £3m in repairs and maintenance at Purley Leisure Centre.

6.6 **Risks**

A successful challenge against the Council's decision will delay the decision to close the facility.

6.7 **Options**

Do nothing – not currently an option because the facility is closed due to outstanding repairs.

Undertake urgent repairs only – it is estimated to cost £200,000 to replace the air handling unit. This will fix the immediate problem but further work is required to make the facility safe and serviceable.

Full repairs and maintenance - £3m of repairs and maintenance to make the facility safe, modern and welcoming to members.

Close the facility – cost avoidance of £3m in repairs and maintenance, and annual savings within the contract of between £120,000 and £180,000 per year.

6.8 **Future savings/efficiencies**

Closing Purley Leisure Centre will avoid £3m of repair and maintenance costs. In addition, the performance of the Leisure contract will increase by between £120,000 and £180,000 per year. The other leisure facilities in the borough are operating at a minimum cost neutral basis and so there is increased likelihood of generating a surplus in future years. All surplus is split 40% Council: 40% GLL: 20% re-investment fund.

Approved by: Michael R Jarrett, Place Department Head of Finance

7. **LEGAL CONSIDERATIONS**

7.1 There is no statutory duty to consult in relation to the closure of a leisure centre.

7.2 Notwithstanding 7.2 the Council is to consult with residents, particularly those who are significantly impacted as to any potential closure in relation to the suggested mitigations that may then be implemented, as set-out in the body of the report.

7.3 Any consultation process should be in accordance with the Gunning principles, which are as follows:

- The consultation must be at a time when proposals are still at a formative stage.
- The proposer must give sufficient reasons for any proposal to permit of intelligent consideration and response. Those consulted should be aware of the criteria that will be applied when considering proposals and

which factors will be considered decisive or of substantial importance at the end of the problem.

- Adequate time must be given for consideration and response.
- The product of consultation must be conscientiously taken into account in finalising any statutory proposals.

- 7.4 Any ongoing or permanent closure of Purley Leisure Centre will require an amended in the contract with Greenwich Leisure Limited through a contract variation.

Approved by Sandra Herbert, Head of Litigation & Corporate Law on behalf of the Interim Director of Law and Governance & Deputy Monitoring Officer

8. HUMAN RESOURCES IMPACT

- 8.1 There are no staffing implications of HR impact arising from this report or from this decision. If any issues arise these will be managed under the Council policies and procedures.

Approved by: Jennifer Sankar, Head of HR Place & Housing on behalf of the Elaine Jackson, Assistant Chief Executive Officer

9. EQUALITIES IMPACT

- 9.1 Purley Leisure Centre membership is comprised of young families and retirement age residents. It is anticipated that these groups will be impacted by the decision to close the facility. A review of public transport and parking provision at nearby New Addington and Waddon leisure centres is being considered through the consultation process.

- 9.2 There are also a number of members with a physical disability who use Purley Leisure Centre and it is anticipated that they will be impacted by the closure of the facility. It should also be noted that service users with disabilities are only eligible for a blue badge if they receive Disability Living Allowance or receive Personal Independence Payment and are unable to walk for more than 50 metres. Therefore service users who do not meet this criteria would be unable to access disabled parking bays.

In addition some disabled people are allocated blue badges because of their inability to plan and follow journeys because it may cause psychological distress, such service users would also be affected by the proposals.

There is no statutory requirement under the Equality Act 2010 to make provision for a certain number of disabled parking spaces either in a building in its construction or during the course of its subsequent use.

- 9.3 This proposal may also impact on service users with invisible disabilities, such as mental health conditions who use the leisure centre to manage such conditions. Use of physical activity to manage mental health conditions is often

advised by support organisations, this use may have increased since the Covid 19 restrictions.

- 9.4 Though no complaints have been raised at this stage, it is possible that female service users may not wish to travel to other centres because of fear of crime, in particular female users who use the leisure centre in the evening.
- 9.5 Transgender and non-binary service users may not wish to travel to other leisure centres because of fear of hate crime.

Approved by: Denise McCausland, Equalities Programme Manager

10. ENVIRONMENTAL IMPACT

- 10.1 The existing mechanical and electrical plant equipment is mainly from the original installation and is at the end of its operational life. It has been estimated that the air handling unit was working at 50-60% efficiency before the leisure centre was put into hibernation during the Covid pandemic. By closing Purley Leisure Centre there will be a reduction in emissions associated with operating inefficient plant equipment.

11. CRIME AND DISORDER REDUCTION IMPACT

- 11.1 There is no impact by this decision.

12. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 12.1 It is recommended to close Purley Leisure Centre and encourage users to use the nearby New Addington and Waddon leisure centres. The repair and maintenance costs for Purley Leisure Centre are unaffordable to the Council.
- 12.2 The facility currently operates at a significant revenue deficit, adding financial pressure to the Leisure contract.
- 12.3 There is capacity in gym and swim facilities at nearby New Addington and Waddon leisure centres.

13. OPTIONS CONSIDERED AND REJECTED

- 13.1 **Do nothing** – not currently an option because the facility is closed due to outstanding repairs.
- 13.2 **Undertake urgent repairs only** – it is estimated to cost £200,000 to replace the air handling unit. This will fix the immediate problem but further work is required to make the facility safe and serviceable.
- 13.3 **Full repairs and maintenance** - £3m of repairs and maintenance to make the facility safe, modern and welcoming to members.

14. DATA PROTECTION IMPLICATIONS

14.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?

NO

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APPENDICES TO THIS REPORT: Appendix A – Purley Leisure Centre Report 2014
Appendix B – Purley Leisure Centre Report 2019
Appendix C – Major Plant (Mechanical) - REVISED 2019-07-02
Appendix D – Major Plant (Electrical) - REVISED 2019-07-02
Appendix E – Major Plant (Pool Filtration) - REVISED 2019-07-02
Appendix F – Minor Asset Register
Appendix G – Equalities Impact Assessment

BACKGROUND PAPERS: Croydon Local Plan 2018