

Subject:	Leisure Invest to Save Project/Vertical Playground – Haslingden Sports Centre	Status:	For Publication
Report to:	Overview & Scrutiny Cabinet	Date:	9 th February 2015 11 th February 2015
Report of:	Rossendale Leisure Trust/Head of Finance	Portfolio Holder:	Regeneration, Tourism and Leisure
Key Decision:	<input checked="" type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	General Exception	<input type="checkbox"/> Special Urgency <input type="checkbox"/>
Equality Impact Assessment:	Required:	Yes/No	Attached: Yes/No
Biodiversity Impact Assessment	Required:	Yes/No	Attached: Yes/No
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1.	RECOMMENDATION(S)
1.1	Members note the positive progress and opportunities brought about for Rossendale through strong partnership work.
1.2	Members approve financial support to the project detailed within this report, being £275,000 of capital investment (as per 5.13 below).
1.3	All future negotiations and minor amendments to be delegated to the Head of Finance and Property Services.

2. PURPOSE OF REPORT

2.1 To seek funds to support the delivery of a key leisure project in the Borough. Vertical Playground

3. CORPORATE PRIORITIES

- 3.1 The matters discussed in this report impact directly on the following corporate priorities:
- **Regenerating Rossendale:** This priority focuses on regeneration in its broadest sense, so it means supporting communities that get on well together, attracting sustainable investment, promoting Rossendale, as well as working as an enabler to promote the physical regeneration of Rossendale.
 - **Responsive Value for Money Services:** This priority is about the Council working collaboratively, being a provider, procurer and a commissioner of services that are efficient and that meet the needs of local people.
 - **Clean Green Rossendale:** This priority focuses on clean streets and town centres and well managed open spaces, whilst recognising that the Council has to work with communities and as a partner to deliver this ambition.

4. RISK ASSESSMENT IMPLICATIONS

4.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:

Investment in Haslingden Sports Centre is on the basis of a loan. The repayment schedule has been agreed with Rossendale Leisure Trust and is affordable within their set business

plan. Whilst leased to Rossendale Leisure Trust, the site remains within the Council's ownership and investment in the facilities will increase the overall value of the site.

5. BACKGROUND AND OPTIONS

5.1 The Council has Corporate Priority of Regenerating Rossendale and we do this by both working directly with funders and also working with and supporting our partners with the development of their projects.

5.2 A Rossendale Leisure Trust project has now reached the point where the Council is being asked to make an investment by way of a loan to enable the project to proceed

Haslingden Sports Centre – Vertical Playground

5.3 Rossendale Leisure Trust has operated Haslingden Sports Centre since 2004 and overtime the Trust has invested £1.2m in new studios, gym and changing facilities. The centre has also seen new squash courts, ladies gym and laser tag.

5.4 Trust Officers and Board Members have been working with Council Officers for some time looking at investment potential with the building and a project has been identified and a business plan produced. Vertical Playground is a destination attraction that is new to the UK. It is the next generation of indoor adventure structures, a fun imaginative introduction to adventure play.

5.5 The attraction will be installed in part of the sports hall area leaving enough area for the basketball, indoor bowls, badminton and five a side football to continue. A nice seating area is to be created to enhance to visitor experience.

5.6 The Trust applied to Sport England for funding and was refused funding; they will continue to look for grant support to enhance the fabric of the building.

5.7 Meetings have been held with engineers and the site approved for a problem free installation of vertical playground.

5.8 The increased usage within the centre will help the long term aim to reduce the cost of the centre to local people by reducing the subsidy from the Council.

5.9 The Trust sees the attraction as adding to the existing tourism offer across Rossendale and East Lancashire and working with Marketing Lancashire and other local attractions such as the East Lancashire Railway, Ski Rossendale and the Whitaker on joint marketing and contra deal arrangements.

5.10 Vertical Playground has the potential to be a draw for local people and visitors in the region. It fits perfectly with the outdoor adventure aspects of our geography and leisure offer in our area.

5.11 For Rossendale the local economy concept will provide activity and focus for local children, families and groups and will provide a destination for visitors and tourists with real pulling power to compliment rather than compete against other activities in the area.

5.12 Once established we would look to develop the youth adventure theme on site. RLT has installed the laser tag in early 2013 and further development of Wi-Fi and computer use together with a café area could start to offer Rossendale a significant day visitor offer.

- 5.13 The estimated costs for the vertical playground project are £275.000 and a payback period agreed with the Council of 5 years if the full purchase option is preferred.
- 5.14 The Trust has identified a joint venture partner and the impact on both cost and return are articulated through their business plan.

COMMENTS FROM STATUTORY OFFICERS:

6. SECTION 151 OFFICER

- 6.1 The business case, researched and written by the Trust, has 2 scenarios:
- I. A joint venture with Hangfast (taking a 35% profit share on a £125k contribution) with Council capital investment requirement £175k.
 - II. 100% investment return to the Trust, Council capital investment requirement £275k.
- 6.2 The financial business case is based on two existing models within the UK (Cumbria and Exeter), modified for the potential Rossendale market (ie Rossendale and more importantly the North West of England).
- 6.3 The conclusion, given a 50% contingency on existing UK operations, would suggest that future continued reliance on Council grant funding cannot only be contained within the current £95k pa but reduced to c.£70k pa. Any future surplus should therefore be used to repay the initial investment earlier than the planned c. 5 years (both investment models).
- 6.4 The current cost of the existing Trust operations is in excess of the annual £95k Council grant. It is essential that the Trust delivers a plan to close the current funding gap.
- 6.5 Marketing is essential to the business case and has to reach and attract the target audience immediately and to continually search and attract new customers. A marketing budget equivalent to 20% of annual turnover has been set aside within the financial planning (c £75k pa).
- 6.6 A cautious view has been taken on secondary spend within the Sports Centre. Part of the sales strategy must be to sell existing facilities to a new set of customers.
- 6.7 The risks to the project, amongst others, are:
- I. Existing similar operations are in their infancy (< 2 years) therefore investment return and sustainability is yet to be proven.
 - II. Ensuring the marketing distinguishes this product from existing climbing centres and that marketing is targeted creatively, effectively and efficiently in persuading the target audience to visit Haslingden.
 - III. Existing operations within the Trust decline negating or reducing the benefits of the Vertical Playground. This is somewhat mitigated due to 6.4 above (ie: “do nothing” is not an option).
 - IV. Economic decline and reductions in customer spending power.
 - V. In the partnership scenario, the anticipated success of the project would entail a profit payment of £173k (in excess of its investment) to the 35% profit partner (Hangfast) over a 5 year period
- 6.8 The conclusion of the Trust and Council Officers is to commit to 100% funding of the

project. Hangfast will continue to work with the Trust, as they will continue to have a vested interest ensuring that the venture is a success.

7. MONITORING OFFICER

7.1 No legal implications

8. POLICY IMPLICATIONS AND CONSULTATION CARRIED OUT

8.1 This project contributes directly to the Councils 'Regenerating Rossendale' priority. The Council plays a key enabler role in the promotion of the Borough and its physical regeneration.

8.2 Consultation has been carried out with the relevant Portfolio Holder.

8.3 Rossendale Leisure Trust has consulted with leading members sporting organisations within the sports centre, there will be a wider community benefit as a result of supporting this project.

9. CONCLUSION

9.1 Regenerating Rossendale is one of the Council's Key Corporate Priorities and the project which the subject of this report is focused on realising the real potential of one Rossendale's key leisure assets.

Background Papers	
Document	Place of Inspection
Confidential Business case for Vertical Playground at Haslingden Sports Centre (Full and abridged versions)	Democratic Services