

# Hermitage Site – Options Paper.

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## Document Quality Management

Original Date // March 2022

Prepared By // Paul Sanders

### Document Audit

Version	Date Issued	Summary of Change	Author
1.0	1 <sup>st</sup> April 2022	First Issue	Paul Sanders
<b>2.0</b>	20 <sup>th</sup> April 2022	Amendments incorporated to reflect team feedback	Paul Sanders
<b>3.0</b>	10 <sup>th</sup> May 2022	Amendments	Paul Sanders

## Project Objectives & Context

### Project Objectives

Identify and highlight proposals for the development of Hermitage Recreation Ground to create a visitor destination that links into the new Whitwick and Coalville Leisure Centre as well as developing options for the use of the Hermitage Leisure Centre building and/or site following the decommissioning of it in late February 2022.

The project also encompasses the requirement to undertake ecological enhancement works at HRG as a result of the housing development on the Council-owned parcel of land off Waterworks Road / Cropston Drive. The housing project received outline consent Q1 2022 and it is expected that a Reserved Matters application will be presented to Planning Committee Summer 2022.

### Project Context

The council entered into a formal partnership with Everyone Active for the design, construction, operation and maintenance of the new Whitwick and Coalville Leisure Centre (WAC) which opened to the public in February 2022. The new leisure centre has replaced the Hermitage Leisure Centre (HLC) which was taken back by the council as a void property once the new centre opened.

The new leisure centre project was delivered a full five months ahead of schedule.

The new leisure centre sits within a parkland leisure destination that includes a trim trail with activity stations, pedestrian and cycle access from Hermitage Recreation Ground and Stephenson College, and a play area within the woodland.

There is a contractual requirement to preclude any facilities or activities which would compete with those that are offered by Everyone Active in the new leisure centre.

### Site Characteristics

The site previously operated as a brickworks during the industrial revolution, with the existing lake being formerly a clay extraction pit. Following the reshaping of the British railway network in the 1960's the adjacent railway track was removed, with the land repurposed for community use.

The site has a number of current well-established amenities, including:

- A semi mature park with a good expanse of water
- Strong interconnecting footpaths and cycle routes
- Existing pitches and play areas
- Adjacencies to Stephenson's College and the new leisure centre
- An established community destination

In addition to the general use of the area by visitors for walking and other recreational purposes such as using the play area, an estimation of usage for other areas across the year is:

Activity	Estimated Annual Usage 2021/22
3G Pitch	13,000
Grass Pitches	2,000
Angling	7,000
Railway	2,500
Events	2,500
<b>TOTAL</b>	<b>27,000</b>

The council manages all these park facilities in house through its Parks and Car Parking Teams. The council's budget for maintaining the land around the leisure centre including the car park and the park is £117,160 per annum (22/23). A summary is as below:

Budget Area	Budget (£)
Recreation ground – maintenance & repairs	88,850
Recreation ground – sports pitch & angling club licence (10-year licence to 2032)	(2,320)
3G pitch – surplus income (EA)	(9,760)
Pavilion	4,620
Leisure centre grounds	8,990
Car park	26,780
Railway club 25-year lease till 2033 £35 pa peppercorn if demanded	
<b>Total</b>	<b>117,160</b>

Note – the table above reflects the current revenue expenditure based on current budget allocations.

There will need to be some capital improvements to these facilities over the next X years and the table below captures the planned and preventative maintenance together with the planned improvements.

The current facilities at Hermitage Recreation Ground include;

### **Fishing Lake**

Ashby Angling Club currently have a lease for the management of the fishing lake which is due to be renewed in June 2022 for a further 10 years. Their responsibilities include;

- The management of fish stocks
- Improving water banks and facilities
- Supervision of the area and the removal of unauthorised fishers
- The permitting and management of night fishing
- The delivery of a ticketing service

As well as generating a nominal income for the council, the lease allows services to be delivered that the council wouldn't be able to manage, as well as effecting savings on the monitoring and management of the service and lake. Given the arrangement, there are no foreseeable financial capital implications for the council.

### **Model Railway**

The North West Leicestershire Society of Model Engineers have a 25-year lease with a peppercorn rent to deliver the model railway at the rear of the 3G pitch. The lease commenced in April 2008 and runs until March 2033. Whilst there is no financial benefit to the council, the value of this service was recognised by residents that attended the consultation event at Hermitage Leisure Centre where general consensus was that it should be retained as an attraction. There are no financial capital implications for the council in retaining the service.

### **Changing Pavilion**

This is managed on a day-to-day basis by the Parks and Open Spaces team. A condition survey was undertaken on the building in February 2022 which identified a life expectancy of 20 years providing regular maintenance is delivered. As part of the condition survey, a number of works were identified that would be required over the 20 years to maintain the building above and beyond the routine maintenance, and the cost of these is estimated to be £26,500 plus any inflationary increases.

### **3G Pitch**

Whilst historically managed through Hermitage Leisure Centre, the opening of the new Whitwick and Coalville Leisure Centre means that the management of the 3G pitch will move fully to the Parks and Open Spaces team from 1 May 2022. As part of the transfer, a condition survey was undertaken on the pitch which highlights a life expectancy of 4 years for the pitch and the fencing. The indicative cost for the replacement of the pitch is £120,000 and for the fencing £50,000 and both would then have a life expectancy of 10-12 years.

### **Grass Pitches**

These are managed by the Parks and Open Spaces team. Currently there are two clubs that use the pitches and the expectation is that from August 2022 the 2 clubs will have 4 teams using them. There are no foreseeable financial capital implications.

### **Events**

Events in the area are managed by the Parks and Open Spaces team. Whilst there are no events booked or planned for 2022/23, events historically have included;

- Woodstock in Whitwick
- Coalville CAN Open Days
- Funfairs
- Circuses

### **Future Management Options**

Consideration could be given to the future management options of the 3G pitch, the grass pitches and the pavilion, for example, a community asset transfer or a long-term lease whereby the council retains the freehold. This could be for all or some of the afore-mentioned facilities and could remove some of the capital and revenue costs currently covered by the council.

### **Capital Costs**

The forecast capital costs that the council would have to currently stand over the next 16 years, excluding any inflationary increases;

Item	Cost
Changing Pavilion	£26,500
3G Pitch	£120,000
3G Fencing	£50,000
<b>TOTAL</b>	<b>£196,500</b>

## **Hermitage Leisure Centre**

The central reason for the construction of the new Whitwick and Coalville Leisure Centre was because the Hermitage building was no longer fit for purpose, had reached the end of its life as a leisure building and that it no longer met the needs of our expanding communities. A building condition survey was carried out in 2018 as part of the procurement exercise for the operator of the new WAC leisure centre which has subsequently been updated on 17th December 2021. This confirms that the defects and building faults identified in 2018 have continued to deteriorate and that the building requires significant work and replacement interventions in all areas of the building – both in building fabric (walls, windows, doors, roof) and internal areas and infrastructure. In summary the December report states that:

*"The property is considered to be in poor condition with significant defects evident to the structure, external envelope and engineering services, requiring either major work or replacement in the immediate to near future."*

The building was assessed in December 2021 in three segments to see if there was any potential for reuse – in part or in full. In terms of structural and fabric integrity, the following were highlighted as key issues and challenges:

### **Pool and Plant**

- Evidence of concrete deterioration to pool structure in several areas as a result of high humidity and chemical use
- Concrete has spalled and fallen away in several areas
- Pool roof has expired and required wholesale replacement
- Pool elevations of metal sheeting and glazed curtain walling is life expired and requires substantial repair and replacement.
- Water is migrating through the structure underneath.

### **Sports Hall, Gym, Dry Change**

- Sports hall structure is in fair condition and can be reused
- The roof is life expired with evidence of erosion to roof sheets and clear signs of gutter corrosion – all of which requires wholesale replacement
- Cladding to sports hall is life expired and requires imminent replacement to protect the integrity of the building.

### **Squash Courts, reception, studios, offices, and wet change.**

- The structure is in fair condition
- Roofs are poor and need wholesale replacement

- Issues with ease of access to this area and security/railings required to prevent access/falls – requiring specialist installations given layout of area
- Glazed curtain walling and windows have failed and require renewal
- Internal finishes tired throughout.

The survey goes on to highlight the key issues affecting the mechanical and electrical aspects of the building as follows:

### **Mechanical**

- The plant is in a poor condition and at the end of its life with leaks, control failures and corrosion
- Only one of the four boilers is working
- Issues with squash court radiant heaters
- Heating pipes requiring upgrading
- CHP non-operational
- Ventilation systems near life end
- Overall inefficiency

### **Electrical**

- Electrical panel and sub boards need replacing due to damage and wear
- Mains cables reaching the end of life
- Some of installed lighting at end of working life
- Circuits and outlets likely to be at end of life
- Fire alarm system reaching end of life
- Panic alarm reaching end of life
- CCTV requires upgrading with camera replacements

The costs to address the items identified in the condition survey are as follows:

Immediate	£30,750
Year 1	£1,200,000
Years 2 – 5	£147,500
Total	<b>£1,378,250</b>

It should be noted that the above excludes the following:

- Inflation (the costs are dated at day one, i.e. December 2021)
- Contractor's preliminaries
- Contingencies.
- Professional & statutory fees (e.g. Planning, Building Control, legal, project management, cost management, architectural; engineering services etc.)
- VAT

The table below captures the likely outturn costs once the above factors have been added to the baseline costs:

Item	Cost (£)
Works costs (as per CBRE assessment above)	£1,378,250
Inflation allowance to mid-point construction (say, Q3 2022) with inflation allowance at 1% per quarter	£41,500
<b>Sub-Total</b>	<b>£1,419,750</b>
Prelims @ 15%	£213,000
<b>Sub-Total</b>	<b>£1,632,750</b>
Contingency allowance @ 10%	£163,000
<b>Sub-Total</b>	<b>£1,795,750</b>
Professional & statutory fees @ 18%	£323,000
<b>TOTAL ESTIMATED WORKS' COSTS (excl. VAT of £423,750)</b>	<b>£2,118,750</b>

The council took back the lease from Everyone Active on 15<sup>th</sup> February 2022 when the new leisure centre opened and has in place a robust asset management plan and period of decommissioning the building as a leisure centre, making it safe and secure whilst emptying any equipment (including chemicals and the pool water infrastructure) required by Everyone Active. The cost of this work is as follows:

Item	Cost (£)
Security & Fencing to protect the building	£29,031
Site Clearance	£20,000
Condition Surveys	£8,750
Utilities	£13,200
Repairs & Maintenance	£3,140
Compliance/Service contracts	£1,000
<b>TOTAL COSTS</b>	<b>£75,121</b>

Full Council in February 2022 allocated a budget for a 12-month period to keep the building safe and secure in advance of options for its future being confirmed. A one-off budget allocation of **£130,000** has been set aside for this work. This is made up of business rates of £32k per annum and ongoing security and utilities costs:

Item	Cost (£)
Security	£9,446
Business Rates	£32,000
Decommissioning requiring specialist contractor	£10,000
Utilities	£29,000
Repairs & Maintenance	£25,220
Compliance/Service contracts	£9,031
Contingency	£15,303
<b>TOTAL COSTS</b>	<b>£130,000</b>

### Council's Delivery Plan (2021 – 2023)

The council's Delivery Plan for 2021-23 identifies the commitment to develop a framework of opportunities for the land adjacent to the new Leisure Centre, the Hermitage Recreation Ground and the existing Hermitage Leisure Centre Building.

The overall aim of this project is to help create a destination site that retains and enhances the green and open space but also finds the best future use of the footprint of the Hermitage Leisure Centre. The project has the potential to contribute to a number of the council's delivery priorities such as

- Keeping our communities safe
- Health and connects
- Developing a clean green district
- Enabling local people to live in high quality, affordable homes.

The project must also be cognisant of the council's medium term financial position which shows that the council is particularly vulnerable to a significant funding reduction caused by the potential resetting of the business rates baseline. As a result, options for the Hermitage Project, as with any project, need to demonstrate both affordability and value for money.

## Stakeholder Engagement

### Community Engagement – Stage 1

Consultation took place with stakeholders and user groups in Hermitage Leisure Centre's (HLC) sports hall in November 2019 to help collect ideas for the future use of both the leisure centre and the recreation ground. This was supplemented with an online consultation that ran from November 2019 until February 2020.

Approximately 150 people attended an event at HLC and they were invited to speak to organisations who had or could have a link to the centre and/or the recreation ground and then to highlight what activities and facilities were most important to them. The online survey was undertaken using a Citizen Space Survey and was completed by 290 people.

Across both surveys, responses across the district were received from residents living in the following locations;

Location	Percentage of Responses
Whitwick	50%
Coalville	21%
Hugglescote	9%
Other	20%

Key findings were as follows:

- The majority of people (207) supported a mix of uses on the site and would prioritise free recreation like cycling, walking and running with the creation of more (233)
- The linking of existing cycleways and footpaths
- Most people (179) supported new recreation activities with a similar number (177) stating that they would prioritise paid for recreation
- Examples of new activities included rock climbing and tennis
- The inclusion of water sports was mentioned specifically, including paddle boarding, canoeing and rowing
- A large number of people (68) specifically commented that they didn't want to see housing on the site
- A high number of people (162) supported parking on the site

- There was support from 132 people for indoor recreation facilities including activities such as specialist sporting facilities (athletics, gymnastics, trampolining, tennis, BMX track), a community centre, or a leisure facility with examples being an ice rink, cinema, climbing wall, bowling alley, café, soft play centre, roller skating
- Only 35 people believed that the site should be left as it is

The table below gives an overview of the responses / suggestions received;

Option	Total	Percent
Free recreation (e.g. cycling, walking, running)	148	81%
Linking existing cycleways and footpaths	113	62%
Paid for recreation (e.g. paddle boarding, rock climbing, tennis)	94	51%
Improving what is already there	76	42%
Water sports	54	30%
Development of some sort (e.g. housing, sheltered accommodation, indoor recreation)	10	5%
Not Answered	8	4%

## Community Engagement – Stage 2

There was a lack of engagement from children and young people during Stage 1 and to ensure a wide-reaching set of views were received, further consultation was undertaken between 21<sup>st</sup> September 2020 and 8<sup>th</sup> November 2020 with children and young people once the schools were fully up and running following the initial covid outbreak.

Every secondary school and college in the district was engaged through online and paper surveys. 681 responses were received from a relatively even balance of male and female respondents (47% / 45% respectively) with 8% preferring not to state. The breakdown of ages was as follows:

Age	Total	Percent
11 - 12	197	29
13 - 14	229	34
15 - 16	202	30

17 - 18	42	6
19 – 21	11	1

Responses were received from children living in the following locations;

Location	Percentage of Responses
Coalville	57%
Hugglescote	8%
Whitwick	7.5%
Ashby	5.5%
Thringstone	3.5%
Other	18.5%

Whilst 681 people undertook the survey, the survey offered multiple choice options which resulted in there being 2,428 responses which is considered to be an ample response rate.

The key findings were as follows:

- The most popular options selected by young people was indoor sporting activities, with 934 responses out of the 2428, such activities like trampolining, gym equipment, community sporting events, climbing wall.
- There was a significant desire for a café to be located at the site with 333 responses.
- Outdoor activities were favoured too, with 690 responses to see activities like football, Astroturf for football, hockey and netball on the site, plus play area space at the site.
- There was a degree of interest in water sport provision (308).
- When asked what is most important to the community, there were equal levels of interest on outside space to play and explore (349 responses) and indoor space to play and organised sports and games (353 responses). There was also a strong response to having space to run, cycle and walk with friends and family (284) showing a desire for sport and leisure facilities in the outdoor site space.
- The majority of young people (589) agreed that they would visit the Hermitage Recreation Ground more frequently if the space was improved.

The table below gives an overview of the responses / suggestions received;

Option	Total	Percent
Trampolining	352	52%
A café	333	49%
Water sports	234	34%
Astroturf pitches for sports (football, hockey, netball etc)	209	31%
Gym Equipment	208	31%
A climbing wall	201	20%
A building for indoor activities e.g. sports, community events	192	28%
A skate park	181	26%
Football pitches	173	25%
A play area	127	19%
BMXing	89	13%
Paddle boarding	74	11%
Athletics	55	8%

## Stakeholder Engagement – Coalville CAN

Detailed engagement with the local charity Coalville CAN was carried out during the latter part of 2021. In summary this focused solely on the Hermitage Leisure Centre site and identified the following responses / suggestions:

- The site to be of mixed use for the community.
- To include rental space for martial arts.
- An indoor skate park.
- A café / social space which is dog friendly.
- A Parkour centre.
- Creche and soft-play area.

- A creative area used for mentoring/drop-in counselling and contact with the community.

## Stakeholder Engagement – Combined Results and Feedback/Suggestions

The feedback from the three initial consultations was analysed and presented to the project board. The Project Board was asked to either:

1. Include suggestions for further consideration.
2. Reject them in the event that the activity is being provided at Whitwick and Coalville Leisure Centre and/or Ashby Leisure Centre and Lido given the contractual obligation in which the Council are bound by.
3. If it was deemed unfeasible to deliver the suggestion from a cost and viability perspective.

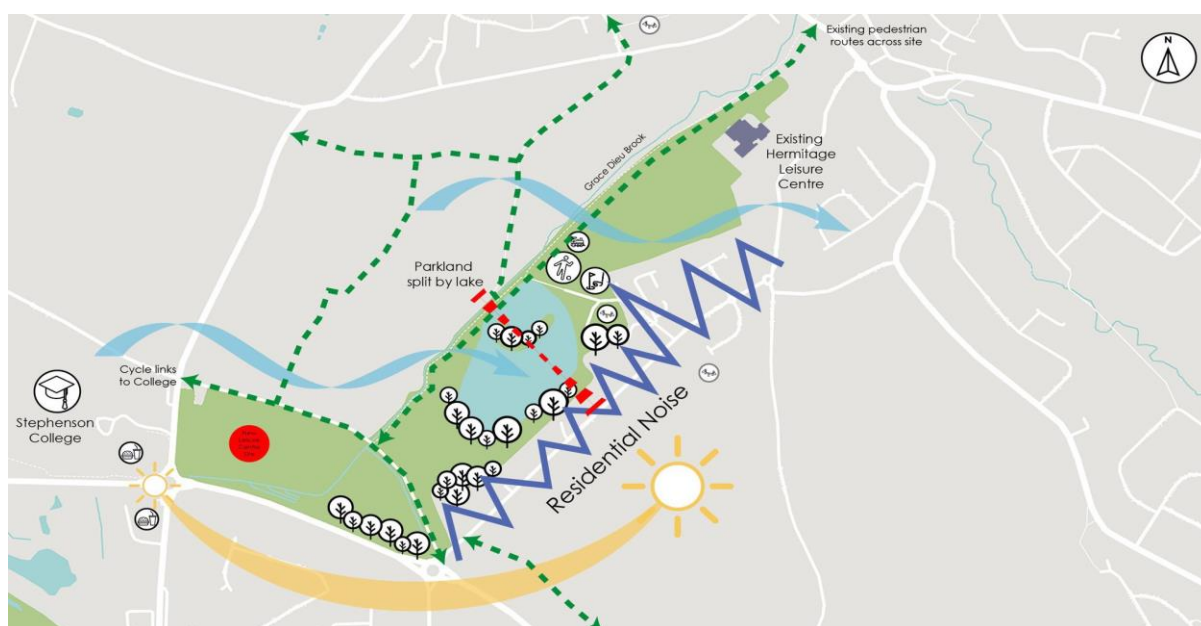
In summary, from the two consultations, the community appear to be very supportive of:

- Outdoor sports and leisure facilities
- Football
- Trampolining
- Rock climbing
- BMX facilities
- Walking
- Cycling
- Running spaces
- Water sports
- Café

## Future Vision

On 7th June 2021, V4 Services and LA Architects were appointed by the council to help develop a conceptual design and proposed direction of travel that could benefit the local community and the visitor economy, as well as responding to the comments and ideas that were gleaned from the various stages of community engagement.

The diagram below sets the site within the context of its location and specifically its connections via the various rights of way.



V4 proposed an overall future vision for the site with a range of options that could be delivered either in a single phase or in a number of separate projects to suit the funding that's available.

The design has responded well to the aspirations of the community consultation although some elements have not been taken forward for the reasons set out below:

Elemental Options for the Scheme	Included within Proposals	Subject to further review	Not included within Proposals	Notes
Indoor skatepark including special events, training and courses	•			Proposed within the repurposing of the existing Hermitage Leisure Centre Building

Martial arts & boxing including special events, training and courses			•	Conflict with Everyone Active facility provision – Not Provided.
Creche / Day care / Soft Play			•	Flexible nature of Visitor/Community Centre could accommodate creche/day care.  However, such facilities tend to dominate operational model - dedicated facility to be considered subject to operator demand.
Video / Gaming / Board games area	•			Proposed within the repurposing of the existing Hermitage Leisure Centre Building.
Parkour including special events, training and courses	•			Proposed within the repurposing of the existing Hermitage Leisure Centre Building.
Dog Friendly Community Café space	•			Visitors/Community Centre to include café area. Dogs and responsible owners will be welcome.
Wellbeing hub – with support	•			Proposed within the repurposing of the existing Hermitage Leisure Centre Building.
Safe place for LGBTQT & Neuro diverse groups	•			Gender neutral facilities to be provided in accordance with NWL guidance and Equality Act.
Flexible creative space for hiring – e.g. for dance, circus Skills, craft	•			Flexible Nature of Visitor/Community Centre can accommodate this use.
Music Studio & rehearsal Space	•			Proposed within the repurposing of the existing Hermitage Leisure Centre Building.
Enterprise Hub – with E commerce.		•		Not currently provided.  Opportunity to considered for inclusion within existing

				reimagined Hermitage Leisure Centre building.
Retail Store		•		Not currently provided.  Opportunity to considered for inclusion within existing reimagined Hermitage Leisure Centre building.
Mini Golf			•	Existing Mini golf not retained in current proposals. Alternative provision of Adventure golf to be considered within commercial leisure element.
Fishing Activities (on the lake)	•			Angling access to be retained. Enhancements in biodiversity will improve water quality. Perimeter landscaping may reduce areas of access.
Wild swimming (in the lake)		•		Opportunity To be considered. Enhancements in biodiversity will improve water quality. Possible use conflict with existing Angling Club lease.
Retention of the Mini Railway on site	•			Retained. The miniature railway is recognised as a major asset of the site.
Retention of the Synthetic Training Pitch (STP) 'caged' areas	•			Retained. Budget will not allow refurbishment. Relocation to northern end of site desirable to improve visibility of miniature railway and community activities.
Bike hire		•		Opportunity for cycle hire kiosk subject to further review.
Maintenance, repair & upcycle centre		•		Opportunity for cycle maintenance to be considered within cycle hire kiosk if provided.

## Proposed Development Zones

Three key zones within the overall masterplan were identified as potential focuses for future investment and improvement:

1. Ecological Park and Lake
2. Active Community Zone
3. Reimagined Hermitage Building

The diagram below shows the above 3 development zones:

**Key:**

1. Existing Hermitage Leisure Facility
2. Existing Grass Pitches
3. Miniature Railway
4. Toilets/Changing Pavilion
5. Synthetic Training Pitch (STP)
6. Car Park
7. Pop-Up Food Stalls
8. Visitor/Community Centre
9. Active Play
10. 100 Fruit Tree Orchard
11. Activity Nodes
12. Reedbed
13. Lake
14. Observation Platform
15. Ecological Park
16. Boundary Gate
17. New Whitwick and Coalville Leisure Centre (By Others)
18. Car Park (By Others)
19. Trim Trail (By Others)



## Development Zone 1 – Ecological Park and Lake

Enhancements to improve the ecology and biodiversity of the lake and woodland area, including:

- Indigenous tree planting
- Defined footpaths and boardwalks with activity nodes
- Perimeter fencing with gated access
- Lakeside Reed and Iris planting

This area is seen as one that could receive a positive regenerative boost to its environmental credentials whilst increasing biodiversity. The scheme proposes a more controlled approach to its management with a defined fence and access gates at various points. The fences and access gates would not be about preventing access but helping to protect some parts where wildlife could develop without disturbance.

Other key features proposed include the planting of more indigenous trees and plants along with the addition of constructed boardwalks and natural footpaths with the addition of a lakeside observation platform.

Along the paths several points of interest and activity are proposed. This could for example be a log for a young child to balance and walk along or larger more explorative or interpretive item that would for example allow the park visitor to name the trees or birds or identify the birds by their songs.

The proposals demonstrate the benefits to wildlife while also allowing continues but enhanced community access to the park.



## Development Zone 2 – Active Community Zone

Proposals for this area continue the focus on encouraging more people to become active in the outdoor environment building on the paths used in the Ecological Zone. This zone would provide a destination for the community with a series of modest features that promote activity. At the heart of the area is a proposed community and visitor centre which would provide for a small food and beverage operation, controlled access to a peer feature and a flexible event or exhibition space.

Other proposed features include:

- New children's' active play facilities adjacent to the new community centre that not only cater for the very young with standard see saws, swings and merry go rounds but also more creative solutions to challenge all ages including adults. These can be interconnected net climbing rigs, variable rigs and lower-level basketball hoops that can challenge yet assist in the development of skills.
- 100 tree community orchard (with beehives) created by working with local residents and the voluntary sector (e.g. Royal British Legion) with apple/pear trees or a single variety. Such an area would provide a natural larder for the local community and would encourage bees and people to alike to enjoy the

dappled shade and smell of blossom. It would help to create a rich landscape of biodiversity within the park.

- Wildflower planting and an improved landscape design to enhance the linkages between the various built facilities.

This concept suggests retaining the STP, the miniature railway, grass pitches, car park and footpaths in their current configuration.

The plan overleaf shows how this part of the site could look.



## Development Zone 3 – Reimagined Hermitage Building

The vision for the part of the site currently occupied by the Hermitage Leisure Centre is to create a street activity centre, which provides a range of "street activities", which have been found to be attractive to young people who might otherwise not participate in traditional sport or healthy physical activity.

- Street activities include:
- Skateboarding
- Biking
- Parkour
- Street dance
- Street art
- One on one basketball or football

It is the social aspect and informality that distinguished street activities. This is often referred to as "hanging out", in spaces and places that feel owned and adopted by young people. This element of the scheme in particular received strong endorsement from the Community Safety Team.

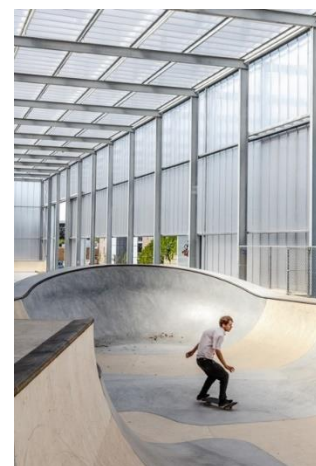
The overall vision for this aspect of the site would fit well with the feedback from the community engagement, would not compete with the new Whitwick & Coalville Leisure Centre and perhaps most importantly target young people to engage in physical activity and health and wellbeing.

This concept seeks to retain some of the existing walls and slab of the existing centre which would be stripped out to reveal a skeleton structure and use of the pool tank for skate bowls specifically

In order to help fund the cost of this concept V4 have suggested the inclusion of an indoor activity concept that could generate profits to help cross subsidise the scheme. The concept focuses on "gamified" play such as Tag Active which offer young people and families an alternative healthy physical activity choice. The facility would then be equipped by the operator in return for a long-term lease of the area.

Other options to help fund the scheme could be the development of a number of homes on the car park consisting of independent living units and / or young people starter homes. The space available suggests around 39 one- and two-bedroom apartments could be constructed.

The plan overleaf shows how this part of the site could look.



## Option Costs

### Development Zone 1 – Ecological Park and Lake

The overall estimated cost for this Eco Park and Lake zone is £602,250. This is broken down as below:

Description	Cost (£)
Cutting back trees and vegetation to facilitate the proposed new layout	£10,000
Semi mature native trees allowance	£75,000
Access gates x 3	£15,000
Soft landscaping	£165,000
New planting including wetland planting	£80,000
Information points	£15,000
Street furniture/activity nodes	£50,000
New perimeter fencing	£94,500
New footpath allowance	£97,750
<b>TOTAL</b>	<b>£602,250</b>

### Development Zone 2 – Active Community Zone

The overall estimated cost for Active Community Zone is £1,540,000. This is broken down as below:

Description	Cost (£)
New community and visitor centre	£1,050,000
Children active play incl. lakeside pier and welfare facilities	£450,000
Orchard area incl. fruit trees; removal of mini-golf, existing play area and making good	£20,000
Wildflower planting	£20,000
<b>TOTAL</b>	<b>£1,540,000</b>

## Development Zone 3 – Reimagined Hermitage Building

The overall estimated cost for the reimagined Hermitage Building is £3.1m. This is broken down as below:

Description	Cost (£)
Internal reconfiguration and refurbishment including fixed furniture and equipment for music production, parkour, skateboarding etc.	1,449,196
New M&E services installations	1,407,250
External works including skate park; services allowance and landscaping	200,000
<b>TOTAL</b>	<b>£3,056,446</b>

## Summary of Costs

The total costs to deliver this vision, as set out by V4 Services and LA Architects, is therefore estimated to be **£5.7 million** (this includes a 10% contingency applied to the figures listed above). However, it should be noted that these are indicative figures at this stage, reflecting the early stage of the project based on the information available.

### Affordability and value for money

Affordability is a key requirement for this project and the aim has been to ensure any proposal does not place any additional financial burden on the district council given the current and growing pressures on local government finance.

V4 Services explored the potential to generate revenue from the new site, including:

- Sale of part of the site for Housing, generating a capital receipt estimated at £1 million.
- Rent from the indoor activity concept, estimated at £100,000 per annum.
- Income from the street activity centre and skatepark of £144,000 per year once established, generated from a combination of charges, coaching fees, sales of food and drinks as well as potential retail sales on the site.
- Income of £50,000 per year from community and visitor centre once that is established. This is through venue hire, events and the sales of food and drinks.
- Other income totalling £16,600 per year from other areas, such as the sale of honey from the proposed orchards and further income from the sale of food and drink around the park and lake.

These figures are indicative and this stage and have not been verified through market testing. There is, therefore, a risk that the potential income set out could be overstated. There is a proven tendency for the early appraisals to overstate potential income and understate potential costs; a concept known as optimism bias.

Nevertheless, officers have appraised the vision using the Council's standard appraisal tool. The expected net present value of the project, without any allowance for optimism bias, is -£2.0 million over 25 years. If a 25% allowance for optimism is applied to all day-to-day income and expenditure, the net present value would fall to -£4.3 million.

This means delivering the future vision as set out above will need significant and continued subsidy from the Council to keep it running over time. The table below shows that the potential annual subsidy required once the site is fully operational and established will be £127,000, or could be as high as £250,000 if the initial high level assessment is optimistic. A higher level of subsidy is likely in the early years. This would be a significant increase on the Council's existing leisure spend, which is budgeted at

£854,000 in 2022-23 and is expected to fall significantly as a result of income from the new leisure centre.

	Based on no optimism bias	Based on 25% optimism bias
Income	£(319,000)	£(239,000)
Expenditure	£275,000	£318,000
<b>Operating (Surplus)/Deficit</b>	<b>£(44,000)</b>	<b>£79,000</b>
Annual Capital Costs	£171,000	£171,000
<b>Annual (Surplus)/Deficit</b>	<b>£127,000</b>	<b>£250,000</b>

It is possible that this subsidy could be afforded by reprioritising existing spend within the Council's budgets. However, the Council's latest medium term financial plan, presented to Cabinet on 1 February 2022, noted that whilst the Council's general fund remains healthy for 2022-23, the Council is particularly vulnerable to potential changes to business rates and new homes bonus that are anticipated. In response, the budget for 2022-23 included a requirement to find £895,000 of savings in 2022-23, a requirement that grows to £1.3 million by 2026-27. Any reprioritisation of spend would need to be considered alongside these savings needs and take into considering the relative value that could be drawn from the spend.

## Options Analysis

The work undertaken by V4 and LA Architects has identified a potential vision for the site and three specific areas, however the costs to deliver this vision are significant and likely to be outside of the Council's affordability. There are a number of options for the future delivery of certain aspects of the vision as set out in the following sections.

In particular these options consider the cost implications and the overall benefits. It should also be recognised that the options can be developed independently for each area and may be undertaken in different timescales.

In addition to the costs presented below there are overall site costs which will need to be factored in which have been estimated by V4 at £91,000.

### Options for the Ecological Park Zone

The overall vision for this zone suggests a cost of £602,000 to deliver the vision set out earlier, however there are two aspects of the vision which could be delivered for lower cost as set out below.

#### Ecology Enhancements

The council has secured planning consent on Waterworks Road and a requirement of that development is the need to re-provide certain ecological features in an off site location. Given the masterplan highlights the opportunities for such mitigation the council will seek to implement these works within the Eco Park Zone. The value of these enhancements is estimated at **£250,000** and include the following features:

- Seeding and wet and dry meadow mixes planting
- Pond creation with scrapes and wetland ditch creation
- Bee hive protection
- Aquatic planting
- Long term maintenance and protection regime

#### Tree Planting Scheme

The provision of additional tree planting can be pursued as a separate project in order to assess feasibility and will take 2 forms. Firstly, in partnership with Earthwatch the provision of a Tiny Forest to cover an area of 120m<sup>2</sup> which will create a dense fast-growing native woodland of 600 trees in order to produce a rich biodiversity capable of attracting over 500 animal and plant species within the first 3 years, and which would have minimal management and maintenance requirements. The estimated cost of this is £30,000.

Secondly, in partnership with the National Forest and Leicestershire County Council (LCC), the planting of additional trees generally within the area. The estimated cost of this is £20,000, although the amount would vary dependant on the number of trees required. Any financial contribution would hopefully be supported and/or match funded by the National Forest which would increase the amount of trees available. Initial conversations have taken place with the National Forest and LCC who are extremely supportive of the proposals and additional tree planting and are keen to help fund the project in any way they can.

Both options would require the support of local community groups to both implement and maintain.

The council's Parks and Open Spaces team would manage the area once these features have been installed.

As a result of these two options identified above there are therefore 3 options available for the future delivery of the Ecological Park aspect, as summarised in the table below.

Option	Estimated Capital Cost/ (Receipt)	Estimated ongoing revenue costs / (income)	Opportunities	Risks
<b>Ecology Enhancement</b>	£250k	As existing budget £84k for recreation ground - TBC	Ecology enhancement works (species-rich grassland; trees; bee preservation etc.)	Will need careful managing and protection that complies with the ecological mitigation measures required by LCC as part of the Cropston Drive/Waterworks Road development
<b>Tree Planting Scheme</b>	£50k	As existing budget £84k for recreation ground - TBC	Tree planting schemes to include general tree planting in partnership with the National Forest and LCC, and the creation of a Tiny Forest in partnership with Earthwatch	Will require funding
<b>Future Vision as per Framework</b>	£602k	£17k	V4: Delivers as per the vision including significant tree and soft planting, activity nodes, fencing, gates and footpaths.	Will require additional funding

Both the Ecology Enhancements and the Tree Planting zone can be developed independently and offer the opportunity to deliver significant enhancements and delivery against the future vision, funded through existing budgets and external funding. Delivery of the future vision is outside of the Council's affordability, with a net present value of -£890,000 and an estimated annual subsidy of £40,000. The net

present value and subsidy or the Ecology Enhancements and Tree Planting scheme will be £0, as they are funded through existing budgets or external funding.

## Options for the Active Park Zone

In addition to the overall delivery of the vision there are a number of options for the Active Park Zone, which include

- Maintain Existing – essentially maintain the existing activity on the site through continued delivery and investment in the 3G pitch and the existing pavilion
- Community Orchard – through the planting of 100 trees to celebrate 100 years of the Royal British Legion. This option can be progressed with any of the other options
- Alternative Management Options – through seeking a third party operator or community asset transfer to the clubs who currently use the site. This is in effect maintaining the existing but transferring the service to the community.
- Vision (excluding Community Centre Building) – development of the vision and delivery of the outdoor activity presented but excluding the development of a new Community Centre Building.
- Vision (including Community Centre Building) – development of the vision and delivery of the outdoor activity presented and also the development of a new Community Centre Building

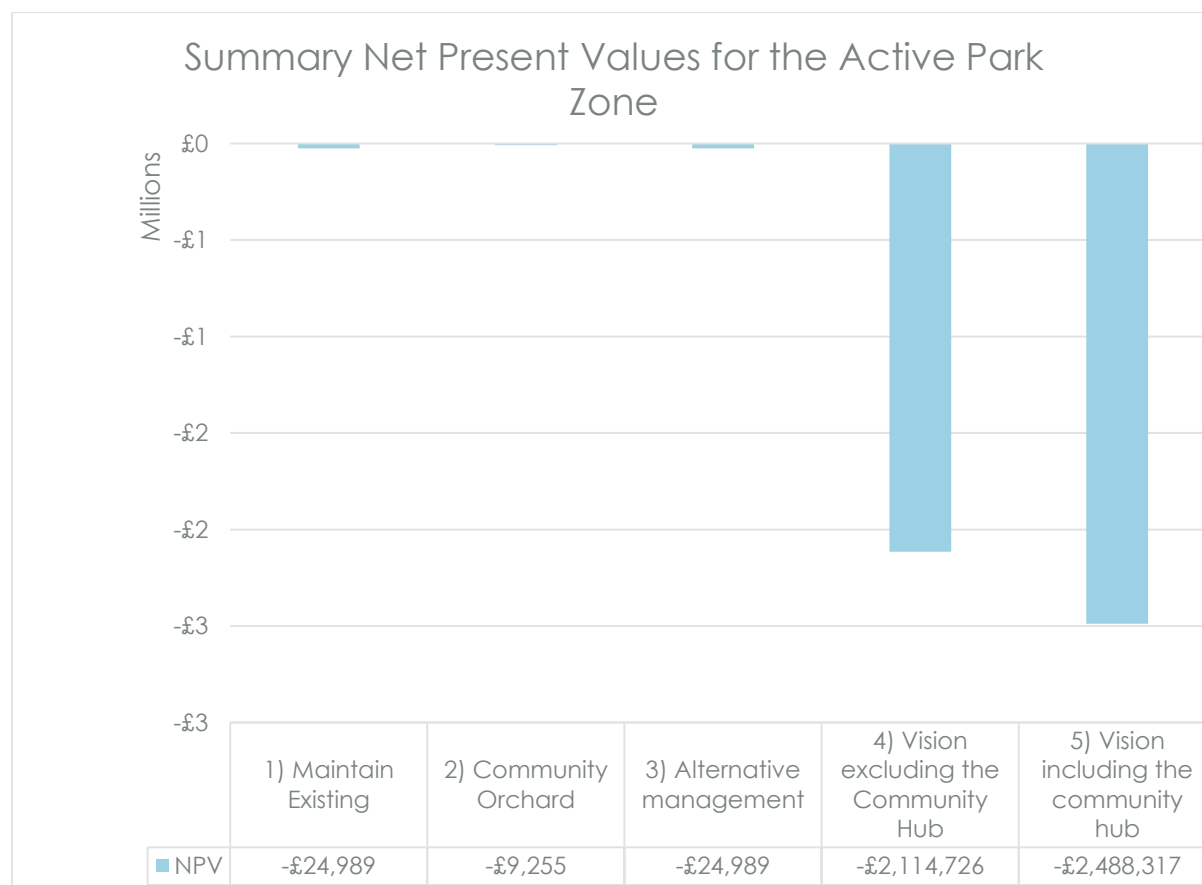
The considerations of these options are presented in the table below, although it should be recognised that the options are not mutually exclusive as the community orchard could be progressed in parallel with the other options.

Option	Estimated Capital Cost/ (Receipt)	Estimated ongoing revenue costs / (income)	Opportunities	Risks
<b>Maintain Existing</b>	£27k (based on investment in existing pavilion & 3G pitch)	£79k – which is the Ongoing Council Budget	Maintain the existing facilities (with limited investment to ensure fit for purpose and to facilitate the potential for a community asset transfer for the ATP (existing group / club/s)	No significant improvement in the active recreation or opportunities  Potential for community asset transfer
<b>Community Orchard</b>	£10,000	£0	Development of a Community Orchard to celebrate 100 years of the Whitwick Royal British Legion branch	The RBL fail to maintain the area and responsibility falls back onto the council
<b>Alternative Management</b>	£27k (based on investment in existing pavilion & 3G pitch)	£79k – assumed ongoing current commitment would be required	Consider alternative management options for the 3G pitch, grass pitches and/or changing pavilion	Community groups or clubs may not be willing to accept the financial liabilities associated to the 3 areas
<b>Vision (excluding Community Centre Hub)</b>	£490K	£73k	Invest as per concept design, excluding the Community Centre Hub	
<b>Vision (including Community Centre Hub)</b>	£1.54 million	£67k	Invest as per concept design, including the Community Centre Hub	

The Whitwick branch of the Royal British Legion (RBL) are supportive of the planting of a Community Orchard with 100 trees to celebrate 100 years of their existence, and this has been included as part of the proposal. It can be progressed as a separate project in partnership with both the RBL and the National Forest. As an extension of the arrangements for the Community Garden in Coalville Park, the RBL will take responsibility for maintaining the area through engaging local community groups and schools.

The options presented in the table above enable the Council to progress towards the vision through maintaining the existing facilities and seeking to either continue to operate or transfer to the community.

This would then enable the future vision to be delivered in the future if funding allowed. The net present value calculations for each of the above options are outlined in the graph below, and the annual potential subsidy for options 4 and 5 vary between £100,000 and £134,000.



## Options for the Hermitage Leisure Building

There are a number of options for the Hermitage Building site, although not all of them will deliver the vision set out in the previous sections. These options include the following

- Option 0 – Retain the mothballed building as it is, in a mothballed state
- Option 1 – Knock down and landscape the site either temporarily in preparation for future works, or permanently
- Option 2 – Knock down and develop for residential
- Option 3 – Knock down and build a new street activity centre in line with the vision presented by V4 (but through a new build as opposed to a refurbished building)

- Option 4 – Repurpose existing building and utilise for Community Use as per proposals from local community, which presents activities within the existing building
- Option 5 – Retain part of existing building and repurpose as a new Street Activity Centre to deliver the vision in line with the V4 vision, but retaining the existing building

None of the options above seek to bring back the leisure centre into use in its present form as to do this would result in two potential issues

- Significant capital implications to bring the facility back into its current use (circa £2.5 – 3 million) plus ongoing revenue costs to operate
- A competing facility for the new Whitwick and Coalville Leisure Centre which would result in compromising the future operation of the new facility.

As such the options presented above are developed to avoid these scenarios. The annual costs are based on an average over the next 10 years.

Option	Description	Capital Cost /(Receipt)	Annual Revenue Cost/ (Surplus)	Key Issues
0 Retain mothballed building	Retain empty building and manage it as void property	£-	£130k	<ul style="list-style-type: none"> <li>• Building will continue to deteriorate</li> </ul>
1 Knock Down & Landscape	Demolish Centre and landscape over the site  Could be permanent or temporary position	£0.3 million	Cost neutral	<ul style="list-style-type: none"> <li>• Does not deliver vision</li> <li>• Could be a temporary solution to enable delivery of vision in future</li> </ul>
2 Knock Down & Develop for residential / commercial development	Development of Option 1 to generate value from land	(£1.5) million	£6k	<ul style="list-style-type: none"> <li>• Does not deliver the vision</li> <li>• Delivers the best return for the Council</li> </ul>

				<ul style="list-style-type: none"> <li>• Potential to have limited housing development with option 3 or 4</li> <li>• Valuation advice is £1.8 - £1.95 million</li> <li>• Option to sell to the open market or to retain within the council which would allow more flexibility over the design and type of development</li> <li>• Capital receipt figure allows for all costs to deliver the receipt</li> </ul>
3 Knock Down and new build street activity centre in line with the vision from V4	Deliver the proposed vision through a purpose-built facility	£3.1 million (£2.1m after capital receipt)	£59k	<ul style="list-style-type: none"> <li>• Delivers vision presented by V4 – capex likely to be same as option 5</li> <li>• Potential to bring in commercial activity</li> <li>• Assumes some housing enabling (£1m capital receipt)</li> </ul>
4 Repurpose the existing Centre (aligned with Coalville Can's proposals)	Utilise the existing centre to deliver community activities as per proposals from the local community	£3.3m plus additional investment	£13k	<ul style="list-style-type: none"> <li>• These costs are subject to additional funding being identified by the Community</li> <li>• It also includes a share issue in the community facility</li> </ul>

				<ul style="list-style-type: none"> <li>• There is a risk that this funding will not be forthcoming</li> </ul>
5 Retain part of the existing building and deliver Street Activity Centre in line with the V4 vision	Use the existing facility to deliver the street activity centre through refurbishment	£3.1 million (£2.1m after capital receipt)	£105k	<ul style="list-style-type: none"> <li>• Retains little of the existing facility</li> <li>• Delivers the V4 vision for a street activity centre</li> <li>• Assumes some housing enabling (£1m capital receipt)</li> </ul>

The options presented above illustrate that if the council wishes to deliver the vision of a street activity centre, then there is a capital requirement of circa £3.1 million to deliver a facility of this scale (whether a new build or refurbishment), although the figures above (for Options 3 and 5) present some commercial investment through enabling housing development. The initial analysis undertaken by V4 suggests that there would still need to be a revenue subsidy to operate the proposed facility, however there may be opportunities for this to be delivered at nil cost to the Council. There is little difference in cost between repurposing the existing building or building new as illustrated above, although it is likely that a new facility would deliver a lower revenue cost and a more efficient building improving the carbon footprint.

In addition to this there has been a proposal from the local community to utilise the existing facility for community activities including street sports and other activities. This presents an opportunity for the Centre to deliver similar activities to the Street Activity Centre, however it would require the condition survey works of £2.5 million to be undertaken and also may require additional investment in the building to repurpose. The proposal from the local community suggests this can be achieved through additional funding sources and also issuing of shares to the public and local community, however there are no definitive commitments to this within their proposal.

Any option which seeks to repair the building as a leisure centre and bring it back into use as a leisure centre should recognise that the cost for doing this has been made acutely clear by the December 2021 CBRE condition report. The cost to do so would amount to a required investment of **£2.5m** plus VAT. Given that the reason for building a new leisure centre was made on the basis that the Hermitage building was no longer fit for purpose and had reached the end of its life as a leisure building this option is not considered viable and would create an unacceptable competitive facility to the council's new Whitwick and Coalville Leisure Centre.

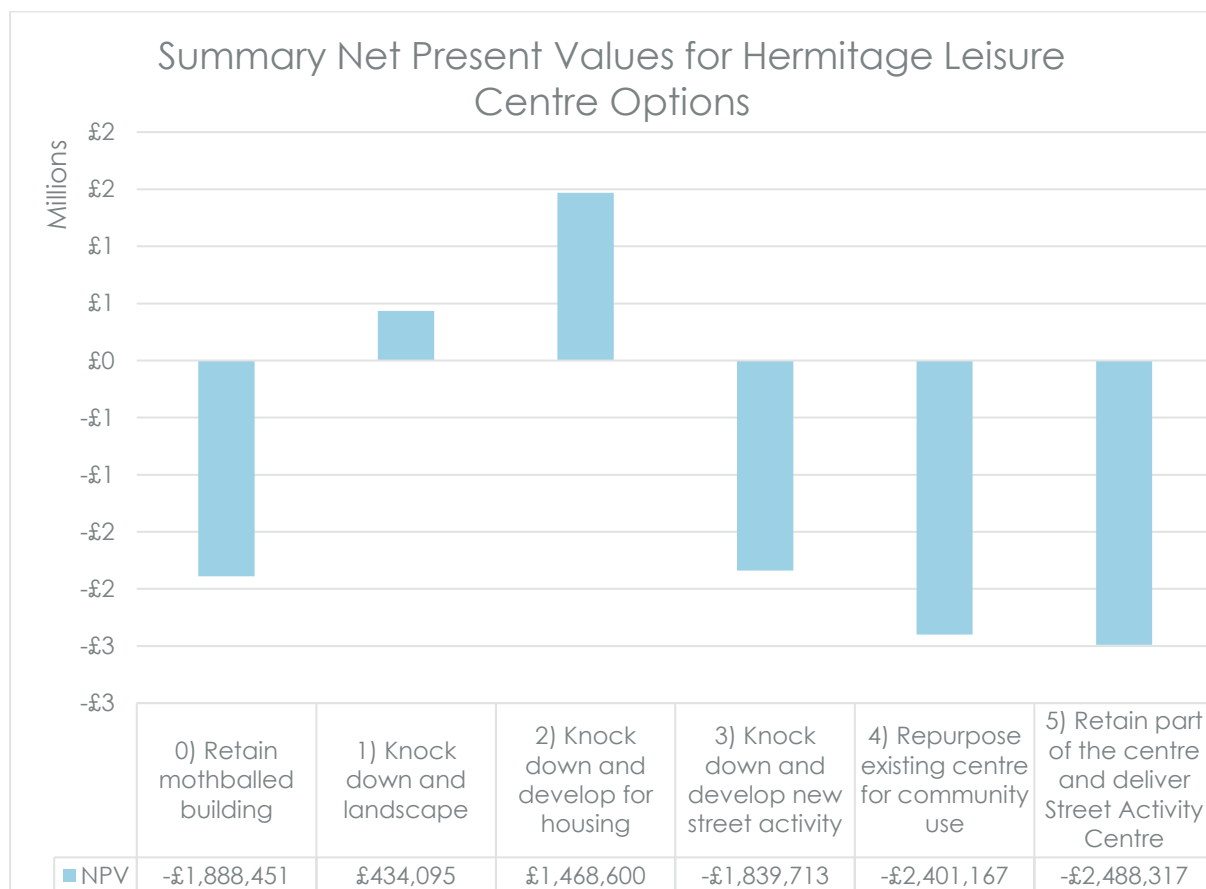
In addition to any capital investment in the building it is likely that there would be significant revenue costs in

- a. The operation of the Hermitage Leisure Centre as has been the case
- b. A claim from Everyone Active on the impact to their management fee through the council's promotion of a competing facility

As a result, this option has only been considered if the building could be brought into use for community use which does not conflict with the Whitwick and Coalville Leisure Centre. It is still likely that the £2.5 million will be required to deliver a safe building plus further costs for refurbishment and remodelling to enable its intended use.

The other options of demolishing HLC and either landscaping or development for housing would not require any condition survey works and allowance has been made for demolition.

Each option has been appraised using the Council's standardised investment appraisal model. The graph below shows the net present values for each scenario based on a 25-year period. Option 2 (knocking down and developing the site) provides the healthiest return, based on the value of the land that is sold. Option 1 has a positive net present value as it minimises revenue costs whilst retaining the land for future use. All other options would require significant ongoing subsidy, from £130,000 a year for mothballing the building to £187,000 for option 5.



The option for developing housing on the sight assumes that the land would be sold in order to maximise the value from the site. It is also possible to appropriate that land to the Housing Revenue Account to enable the Council to develop the land for affordable housing. This option would allow the Council to retain greater control over the density, property type and design and subsequent management of the scheme. The appropriation of the land to Housing Revenue Account would a result in a saving to the general fund, which Members may choose to use to subsidise some of the improvements to the ecological and active park zones, The level of the subsidy would depend on the value of the land and the proposed improvements to the ecological and active park zones that are planned. The Council would also need to consider whether the land could be developed viably within the HRA as part of further scoping work if this proposal was adopted.

If the Council were to consider delivering the vision (Options 3, 4 or 5) then it would be suggested that an initial stage would be to seek expressions of interest from the market and local community to expand on the proposals presented to date, to fully understand the cost implications. The Council could set certain parameters for this which make it clear the Council will not be funding any opportunity and any interested parties will need to allow for condition survey costs.

This approach would need careful management and transparency given the state of the building and the need to ensure that no use would compete whatsoever with the activities and facilities on offer in the new leisure centre over the 25 years of the contract and service specification that the council has with Everyone Active. Bidders whether they be from the private, public or voluntary sectors would need to demonstrate their ability to meet this requirement as well as the significant investment required in the fabric, structure and mechanical and electrical installations as highlighted in section 6 of this report. Potential bidders would initially attend an open day to assess interest and appetite for the opportunity and a set of tender and lease documentation would then need to be prepared and then published

It should be recognised that in all of the options there is a cost to continuing to mothball the facility and depending on the timescales involved will be a cost to be factored into each of the options.

## Summary of Options and Recommended Way Forward

The overall approach the council should seek to consider are a number of key decisions to be taken depending on the affordability and ambition of the council. It should also be recognised that there is the opportunity for the council to consider phased developments. We summarise the approach for each area below

- Ecological Park

The ecological enhancements and tree planting options which can be funded from existing funding is affordable and could be the first phase, with the council seeking further funding to achieve the overall concept vision.

- Active Community

The maintaining the existing provision of the grass pitches and AGP maintains existing recreation provision and delivers on the active community, with investment in the existing pavilion and 3G AGP. If this option is delivered initially (either through the Council directly or through alternative management) then it gives the opportunity to identify additional spaces and activities which could be introduced over time, predominantly the outdoor spaces and activities.

If the council wishes to progress with the Community Centre, then there is a requirement for capital investment of circa £1 million, which is likely to be a long-term ambition should funding be available.

The development of the community orchard has the potential to be funded and can be considered as a standalone option.

- Reimagined Hermitage Leisure Centre

The overall vision sets out the potential development of a street activity centre and also the options for the repurposing of the HLC for community space. The options for redevelopment of the HLC suggest that there is no cost benefit in retaining the existing centre. The cost of developing a new Centre is comparable (if not less expensive) than retaining the existing Centre and refurbishing it.

In addition to this by knocking down the existing Centre this removes the costs and risks associated with mothballing the existing Centre, for example there is always a risk that people could access the existing Centre and injure themselves.

If the aim is to deliver on the vision then it is suggested that there would need to be an option to put the site to the market for a potential investment opportunity. This could take the form of a market test which would have some broad principles:

- The council would seek to place some parameters based around full transfer of risk and liability and there would be no cost to the Council (either capital or revenue)
- The use of the building could not conflict with the Whitwick & Coalville Leisure Centre and should seek to deliver on the overall aims of the street activity centre
- The market would within these parameters be at liberty to propose solutions which could resolve around repurposing of the site

If the council was to undertake a market test which would invite expressions of interest from the community and potential commercial partners, it is recommended that the building is demolished prior to this to remove costs and risks.

Alternatively, the council could decide to progress with housing development on the site or demolish and leave as greenfield. Both of these options will be at limited cost to the council (or in the case of housing gives a return).

Following the market test (if unsuccessful) the council could decide to demolish the centre and leave as greenfield as further work is done to explore housing or a street activity centre delivered by the Council.

### **Overall Conclusions**

As presented the vision is unaffordable, requiring circa £5.7 million in capital and an ongoing revenue cost to deliver the vision across all three areas. There is however an opportunity to deliver a significant part of the vision through the following approach:

1. Demolish the Hermitage Leisure Centre and retain as green space, as there is no cost benefit in retaining the Centre and even if the Council decided to develop a street activity centre then a new build is as cost effective and also likely to be less costly to run and deliver a more energy efficient building.
2. Develop the Leisure Centre part of the site for a housing scheme and utilise the savings to invest in the Eco Park Zone and Active Community Zone of the site.
3. Utilise the £250,000 from Waterworks Road development to invest in the Ecological Park Zone, which will improve both the Hermitage Recreation Ground and fulfil the Council's obligations from the Waterworks Road development.
4. Continue to maintain the existing facilities in the Active Community zone.
5. In the medium term, look to deliver the Ecological Park and Active Community vision (potentially to include the new Community Centre building) subject to further detailed plans and funding available to the project.

This approach will enable the council to deliver improvements to the community use and activities at the site, in an affordable way and complement the activities at the new Whitwick and Coalville Leisure Centre.

In order to progress this approach, it is recommended that the immediate actions would be to agree to:

1. Develop plans to appropriate the Hermitage Leisure Centre site to the Housing Revenue Account and launch the necessary consultation process to do so.
2. Demolish the existing Hermitage Leisure Centre (subject to the outcome of the above).
3. Deliver the required ecology enhancement works required by the Cropston Drive / Waterworks Road development in the Ecological Park Zone.
4. The council can then progress plans to develop the Hermitage Leisure Centre site for affordable housing as a business-as-usual project, alongside developing further plans for investing in the Ecological Park and Active Community vision once the financial implications from the appropriation are fully known.

