

Title of Report	HERMITAGE LEISURE CENTRE BUILDING – FUTURE DIRECTION	
Presented by	Cllr Roger Bayliss Portfolio Holder For Housing, Property and Customer Services.	
Background Papers	Former Hermitage Leisure Centre Building Future Direction -Community Scrutiny Committee 7 September 2022 Corporate Disposal Policy September 2021	Public Report: Yes
		Key Decision: Yes
Financial Implications	<ul style="list-style-type: none"> Demolition of the Former Hermitage Leisure Centre Buildings will relieve the council of the costs of securing and maintaining the vacant buildings. Demolition will also release the asset for use in the delivery of alternative council services. The cost of demolition, which is expected to cost£300,000, will be funded from the Coalville Regeneration line within the Council's General Fund Capital Programme. Appropriation of the site (post demolition) to the HRA will have positive financial benefits for the General Fund. 	
	Signed off by the Deputy Section 151 Officer: Yes	
Legal Implications	Legal Services have provided advice and support in regard to the both the assessment of options for the future of the site and the means by which the site could be appropriated to the HRA. Further legal support is likely to be required and has been discussed with Legal Services.	
	Signed off by the Deputy Monitoring Officer: Yes	
Staffing and Corporate Implications	The demolition and appropriation activities set out in this paper will be managed within existing officer resource.	
	Signed off by the Deputy Head of Paid Service: Yes	
Purpose of Report	<p>The purpose of this report is to:</p> <ul style="list-style-type: none"> Describe the current structural condition of the former Hermitage Leisure Centre buildings. 	

	<ul style="list-style-type: none"> • Discuss options for the future of the former Hermitage Leisure Centre buildings having regard to condition. • Recommend an option that represents best compliance with corporate asset policies and financial plans. • Propose the reuse of the site to deliver other council priority services. • Seek movement of the asset between the Council's General Fund and Housing Revenue Account (by appropriation) to enable the new use to be pursued.
<p>Reason for Decision</p>	<p>A decision on the future of the Hermitage Leisure Centre buildings is required in order to comply with the Corporate Disposals Policy. The proposed course of action will enable the asset to be used by another council service to delivery council priorities. The decision does not compromise future consideration of a strategy for investment in the Hermitage Recreation Ground.</p>
<p>Recommendations</p>	<p>THAT CABINET:</p> <p>1) CONSIDERS THE REPORT INCLUDING THE OPTIONS REGARDING THE FUTURE OF THE FORMER HERMITAGE LEISURE CENTRE BUILDING (HLC).</p> <p>2) NOTES THE DIVERSE COMMENTS AND VIEWS EXPRESSED BY THE COMMUNITY SCRUTINY COMMITTEE SUMMARISED IN SECTION 8 OF THE REPORT AND CONTAINED IN FULL IN APPENDIX 7</p> <p>3) AGREES TO THE DEMOLITION OF THE HLC BUILDINGS FOR THE REASONS SET OUT IN THE REPORT, AND DELEGATES RESPONSIBILITY FOR ANY ARRANGEMENTS REQUIRED TO FACILITATE THE DEMOLITION TO THE HEAD OF PROPERTY AND ECONOMIC DEVELOPMENT.</p> <p>4) AGREES THAT THE COUNCIL WILL RETAIN THE FREEHOLD TITLE OF THE LAND OCCUPIED BY THE FORMER HLC BUILDINGS AND CAR PARKING, TO BE USED FOR THE DELIVERY OF OTHER COUNCIL SERVICES, IN ACCORDANCE WITH THE COUNCIL'S CORPORATE DISPOSALS POLICY</p> <p>5) AGREES TO APPROPRIATE THE LAND OCCUPIED BY THE FORMER HLC AND CAR PARKING FROM THE GENERAL FUND TO THE HOUSING REVENUE ACCOUNT (HRA) AS DESCRIBED IN THE REPORT (ANNEX 6 INDICATIVELY SETS OUT THE AREA OF LAND TO BE APPROPRIATED (SUBJECT TO DUE PROCESS AND FINALISATION)), PROVIDED THAT IT:</p> <p>A) DOES NOT COMPROMISE THE LEISURE COVENANT ON THE SITE;</p>

	<p>B) COMPLIES WITH POLICY EN5 OF THE LOCAL PLAN (NAMELY DOES NOT ENCROACH ON THE AREA OF SEPARATION); AND</p> <p>C) RETAINS WITHIN THE GENERAL FUND, AN AREA OF CAR PARKING FOR LOCAL RESIDENTS.</p> <p>6) DELEGATES RESPONSIBILITY FOR THE APPROPRIATION PROCESS TO THE STRATEGIC DIRECTOR WITH RESPONSIBILITY FOR PROPERTY IN CONSULTATION WITH THE S151 OFFICER AND APPROPRIATE PORTFOLIO HOLDERS.</p> <p>7) NOTES THAT IT WILL AT FUTURE DATES, RECEIVE BUSINESS CASES FOR THE PROPOSED IMPROVEMENTS TO THE HERMITAGE RECREATION GROUND. THE FINAL PROPOSALS IN THESE BUSINESS CASES WILL BE IN LINE WITH THE DIRECTION OF TRAVEL OUTLINED IN SECTION 3.26 OF THIS REPORT BUT REFINED TO TAKE ON BOARD THE COMMUNITY ENGAGEMENT RESULTS AND RELEASE FUNDS TO THE GENERAL FUND THROUGH THE APPROPRIATION OF THE HLC SITE.</p>
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1.0 HERMITAGE LEISURE CENTRE – BACKGROUND

- 1.1** The Council’s Hermitage Leisure Centre closed to the public in February 2022, following the opening of the new Whitwick and Coalville Leisure Centre. The Hermitage Leisure Centre buildings (HLC) had served the population of Coalville and Whitwick since the 1960’s.
- 1.2** The HLC buildings (4,187sqm) and associated car park (5,603sqm) sit on the south-western edge of the village of Whitwick and form part of the much larger (205,295 sqm) Hermitage Recreation Ground (HRG). The HLC, Carpark and HRG are all owned freehold by the North West Leicestershire District Council (NWLDC). (See Plan at Appendix 1)
- 1.3** HLC historically provided a full leisure centre offer to the residents of greater Coalville (dry-side sports hall, gym, fitness rooms, swimming pool, health suite and squash courts). The Leisure Centre car parking has historically also been used by some Whitwick residents and particularly those living on Silver Street as more general car parking provision.
- 1.4** Whilst the HLC buildings have been declared as “no longer required for the delivery of leisure services” by NWLDC Leisure Services and returned to the corporate landlord (Property Services), the Leisure Services Team continue to operate the wider Recreation Grounds to provide leisure opportunities for District residents. This will continue to be the approach going forward and more detail is provided on this towards the end of this report.
- 1.5** Following the return of the HLC buildings to the corporate landlord, the buildings have been mothballed pending a decision on their future. The mothballing process has

involved emptying the building of furniture, draining wet services (including the pool and water tanks) and securing the site. Services essential to maintaining the safety and security of the building (including electricity and gas) remain connected.

- 1.6 In their mothballed state the buildings are currently costing the Council approximately £17,500 per month to retain. There is a financial imperative to take a decision regarding the future of the HLC buildings.

2.0 **CORPORATE DISPOSALS CONSIDERATIONS**

- 2.1 HLC currently sits on the Council's Asset Register as a property which is no longer required for the delivery of the service for which it was originally procured.

- 2.2 The Corporate Disposal Policy (for assets) adopted in September 2021 (by Cabinet preceded by consideration at Corporate Scrutiny Committee in January 2021) requires the Council to regularly review the real estate property it holds, in order to identify any assets that either:

- Are no longer required by the Council for the original purpose for which they were purchased.
- Are no longer needed to fulfil the purpose for which they were previously used by the Council.
- Are not likely to be required for the delivery of any other Council service.

- 2.3 The HLC meets at least one of the above definitions. The Corporate Disposals Policy makes it clear that a review of assets especially where their current use has come to an end is good practice and in doing so consideration of other service needs should be included (including specifically "Para 2.10 - to deliver other Council objectives such as the provision of housing in the District ". This is due to the strong demand and need for housing sites to increase the supply of new Council homes.

- 2.4 Given that the Council fully intends to continue to operate and deliver services using the Hermitage Recreation Grounds (which wrap around the footprint of HLC), options for the future of the HLC asset should also consider potential impacts on the ongoing operation of Hermitage Recreation Grounds.

- 2.5 The following seven options for the HLC buildings have been identified as part of considering the future of the HLC site and stem from the adopted Disposals Strategy

- A Sell the buildings on the open market
- B Lease the buildings out on the open market.
- C Demolish the buildings, clear the site and sell or lease the land.
- D A hybrid solution involving part demolition and part sale /letting
- E Demolish the buildings, clear the site and use the land to deliver other Council services.
- F Continue to mothball the property (ie a do nothing option)
- G Gifting the building to another organisation.

2.6 Option F was discounted immediately as this is contrary to the Council's assets policy and Government advised good practice.

2.7 Option G has been discounted on three counts:

- The land upon which the buildings sit has a value which needs to be realised and reinvested to deliver improvements to HRG.
- Under Section 123 of the Local Government Act 1972 there is a general requirement for councils to obtain the best price when disposing of assets.
- It is likely to be contrary to the agreement held with Everyone Active (see below).

3.0 **MATTERS FOR CONSIDERATION**

3.1 The following sections of this report set out factors that should be taken into consideration when assessing the options for the future of the HLC buildings.

Building Condition.

3.2 The "Technical Briefing On The Condition Of The Former Hermitage Leisure Centre Building" document (Appendix 2), describes the physical condition of the property. The report identified that there are significant problems with all major component parts of the property (roof, walls, foundations and structure as well as the building systems). This was a significant part of the rationale for the new Whitwick and Hermitage Leisure, where the decision was taken to build a new facility rather than make significant investments in the old centre.

3.3 The condition backlog items, i.e. the elements of the building that have been identified as failed and/or beyond their usable life, equate to a capital cost of c.£2.1m, broken down as follows:

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

3.4 It should be noted that the above works simply address Health and Safety and condition backlog items. They do not allow for any improvement / decoration / suitability improvement works which would inevitably be needed for an alternative use.

- 3.5** The Council's Valuer (Readings) has advised that following a programme of repairs as set out in the CBRE report, then the building would have a capital value for existing leisure use of £1,250,000 to £1,350,000.
- 3.6** Based on the information contained within the CBRE Report and the building valuation reports provided by the Council's Valuer - *The condition of the HLC building is such that the cost to refurbish outweighs the market value and the buildings are therefore at the end of their economic life.*
- 3.7** It should also be noted that over the last six months that the building has been unused and mothballed, the physical condition has begun to deteriorate at an accelerating speed. Retaining the building within the Council's portfolio in an increasingly derelict condition presents increased risk to those who may come into contact with the building.
- 3.8** To maintain security whilst the building is mothballed it has been necessary to keep electricity supplies to the buildings connected and consume power (for interior and exterior lighting, CCTV and security systems). This impacts negatively on the Council's Zero Carbon commitment.

Contractual Matters

- 3.9** NWLDC has entered into a contract with Everyone Active (EOA) for the operation of the Council's leisure centres. The contract contains provisions which are designed to protect EOA's income. In particular, the Council may not create any other "Competing Facility" as set out below in an extract from our contractual arrangement with EOA:

"Competing Facility" means the provision of sports or leisure activities to Users resulting from:

- (a) the construction of new facilities; or
- (b) the improvement of existing facilities (excluding essential lifecycle or planned preventative maintenance); or
- (c) the carrying out of new leisure activities or different leisure activities at an existing facility (excluding off-site activities in relation to the Government's healthy living agenda) which are not in the form of the activities provided at such facilities at the Commencement Date; and which meet all of the following criteria:
 - (i) provide additional or new competition for the Services (or part thereof) carried out at the Facilities;
 - (ii) provide areas of accommodation similar to or better than the Facilities;
 - (iii) are at a facility which is within the a two mile radius of one of the Facilities;
 - (iv) are at a facility which is an Authority Sponsored Facility; (v) are not operated by the Contractor or any Affiliate of any of them; and (vi) the new or improved facility or activity was not under active consideration and known (or ought to have been known) to the Contractor as at the date of this Agreement (the Contractor having made all reasonable enquiries);

- 3.10** It is the view of officers that selling or leasing the HLC buildings for any leisure operation would potentially lead to issues with the contract and claims for compensation.

Selling The Buildings

- 3.11** There are a number of issues to be considered should the Council wish to dispose of its freehold interest in the HLC buildings and the land they sit on:

A In October 2021, Whitwick Parish Council successfully made an application to have HLC listed as an Asset of Community Value (ACV) on the basis that it furthers the social wellbeing and interests of the local community. This listing lasts for five years until October 2026 and stipulates that if the Council gave notice that it intended to dispose (which in this case means in effect transfer/sale to a third party) of HLC, then there would need to be a formal period of opportunity (moratorium) during which time

the Parish Council, or any other community group, could decide if they wanted to be considered as a potential bidder for the asset, and to allow them time to raise the funds required to bid to buy it. This process only gives community groups a right of first refusal and there is ultimately no obligation to sell to the group at the end of the moratorium period. For the purposes of the ACV a disposal means a transfer of the asset out of the Council's ownership to a third party.

B Selling the existing Hermitage Leisure Centre buildings to a third party would require the Council to separate out the HLC buildings from its wider HRG ownership and provide appropriate rights of access across the recreation grounds to the HLC buildings. While all of this is possible, it will result in the Council losing some control of what happens on a piece of real estate within the overall boundary of HRG. This risk can be mitigated initially by selecting carefully who the Council may wish to sell the HLC buildings to. There remains a risk however that the building is subsequently sold on, and the Council, whilst benefiting from any sale value, loses control of the site

C There is a covenant on part of the land upon which the HLC buildings sit which states that

"The District Council will use the land hereby conveyed for recreational purposes only and within this context will be free to develop the land in the way it considers appropriate having regard to the usual planning requirements and any other statutory provisions".

The Council would need to carefully consider how this covenant would limit any freehold disposal. This covenant also prevents the wider HRG being used for any other purpose.

D The valuations provided by the Council's Valuer Readings indicate that the existing buildings are worth £1,250,000 to £1,350,000 whilst the land upon which the HLC buildings sit is worth £1,800,000 to £1,950,000 in a cleared state and ready for redevelopment. The land is, therefore, worth more cleared than it is with the buildings on it.

Leasing The Buildings

- 3.12** Since 2007, there has been a legal obligation on landlords and owners of buildings of more than 500sqm in size to have an Energy Performance Certificate (EPC) or Display Energy Certificate (DEC) which needs to be renewed every 10 years as a minimum.
- 3.13** Additional legislation was introduced in 2015 (Minimum Energy Efficiency Standards Regulations (MEES)). This mandated that after 2018 a landlord could not grant a new lease on commercial properties with an EPC rating worse than E.
- 3.14** The EPC for HLC expired some time ago and has not been renewed, as it was understood that the building was being replaced and not expected to be leased out. At the present time the Council is legally unable to grant a lease on the HLC buildings as they do not have a valid EPC with a rating of at least E. Leasing the buildings without an EPC of the required rating could result in the Council being fined up to £150,000
- 3.15** The Council could seek to have a new EPC assessment carried out. However there are concerns that the buildings would not achieve the grade E required due to the impact of a number building condition issues (failed double glazing, inefficient heating systems etc.). It is expected that the costs of works needed to achieve a minimum

EPC rating of E would be uneconomic to fund.

3.16 Should the Council wish to lease the buildings to a tenant and assuming a compliant EPC can be obtained, there are other factors to be considered:

- A long leasehold arrangement may also be captured by the registration of the property as an Asset of Community Value.
- There would need to be consideration of an appropriate rent for the buildings. It cannot be judged whether any prospective tenant would find this affordable.
- Depending on the terms of the lease, at the end of the tenancy / tenant vacating the premises, the Council may be required to compensate the tenant for any improvements they have carried out to the building.
- At the end of any lease the tenant would only be required to return the property in the same condition as at the date the lease was granted (taking into account fair wear and tear) which means the Council would get the building back at a future date with all its existing problems.
- Despite leasing the building to an operator there would be reputational risk for the council. The Council would continue to be seen as the owner and landlord of a building which is in a poor state of repair and decoration. There may even be public pressure for the Council to refurbish the building.
- Acting as landlord on a large commercial property such as HLC would require additional officer time which may not be fully recovered through any rent that can be charged for the building.

Financial

3.17 CBRE's condition survey has clearly identified the likely cost to address and make-good the known building and services' defects (excl. any enhancement / refurbishment works) at an outturn cost of c.£2.1m. The value of the buildings once these works are undertaken is £1,250,000 to £1,350,000. There is, therefore, no investment case for refurbishing the buildings before selling as the capital receipt realised would not recoup the cost of refurbishment.

3.18 The value of the site cleared is £1,800,000 to £1,950,000 and is more than the existing value of the buildings.

3.19 It is estimated that the cost to demolish and clear the site will be in the order of £300,000, which can be funded from the Coalville Regeneration budget provision (capital) already approved by Council.

3.20 The following figures are relevant.

Objective	Investment Required To Achieve Objective	Asset Value	Financial Outcome
Make-good identified building defects	£2,118,750	£1,250,000	-£868,750 net
Demolish	£300,000	£1,800,000	£1,500,000 net

Zero Carbon

- 3.21** The Council has committed to reducing its carbon footprint looking to be a zero carbon organisation by 2030 and a zero carbon District by 2050. The Hermitage Leisure Centre buildings are between 35 and 60 years old and contain outdated technology that in the main does not contribute toward the zero carbon commitments the Council has made. To retain the buildings without investing in carbon reduction would have a negative impact on the Council's carbon footprint.

Hermitage Recreation Grounds

- 3.22** When considering the future of the HLC buildings it is imperative to give consideration to the wider HRG site, which wraps around the HLC buildings.
- 3.23** Being currently in one ownership, there is no defined boundary between HRG and HLC. Should the Council dispose of the HLC, consideration would need to be given to how any future owner of HLC and future use of HLC might impact on the HRG. For example, a lapse in security by a new owner of HLC could result in traveller occupation of the HRG site.
- 3.24** Proposals for Council investment in the development of HRG are currently being developed. These are informed by the recent engagement exercise undertaken by the Council (Appendix 5) and a piece of work undertaken by V4 Services (consultants) which outlines enhanced recreational, leisure and community uses on the site (Appendix 4). These will inform the proposals that will come forward as business cases for each element.
- 3.25** Whilst further work remains to be completed on the plan for investment in the leisure facilities on HRG (and will need to be reported back to members before any implementation is commenced), any decision on the future of HLC will be examined carefully to ensure it does not present barriers to the emerging plans for HRG. In summary, the proposals being further developed are set out below.

Hermitage Recreation Ground Vision.

- 3.26** Officers in Community Services have developed a conceptual design and proposed direction of travel for the recreation ground that could benefit the local community and the visitor economy, as well as responding to the comments and ideas that have been gleaned from the various stages of community engagement. Key zones within the overall masterplan were identified as potential focuses for future investment and improvement as follows:

Ecological Park Zone

- This area of the site is seen as one that could receive a positive regenerative boost to its environmental credentials whilst increasing biodiversity, with enhancements to improve the ecology and biodiversity of the lake and woodland area, including indigenous tree planting, defined footpaths, boardwalks, activity nodes, perimeter fencing with gated access and lakeside reed and iris planting.

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. It would provide a destination for the community with a series of features that promote activity, including a community and visitor centre including a small food and beverage operation, a flexible exhibition/event space, and controlled access to a pier feature accessing the lake, children's active play facilities, a community orchard and wildflower planting and an improved landscape.
- The concept retains the synthetic training pitch (3G pitch), the miniature railway, the grass pitches, the car park and existing footpaths in their current configuration.

3.27 All of the above will be subject to further detailed proposals once the issue around the HLC buildings and their future are settled.

Demolition

3.28 A Specialist Contractor has been approached to provide a budget price and specification for demolition of the HLC buildings should this be taken forward. The proposals received suggests that for a price of approximately £300,000 the contractor will strip out and demolish the buildings, to include the grubbing out of foundations, filling of the pool void, topsoiling and seeding. All materials would be taken away from site and those that can be recycled would be dealt following that principal.

3.29 Clearance of the buildings would release the Council from the ongoing financial burden of securing and maintaining the buildings and will also remove what is becoming a draw for antisocial behaviour in Whitwick. It is the most prudent approach when considering the Council's obligations under Health and Safety Legislation.

3.30 Demolition and clearance of the site would also unlock the potential to secure the greatest value from the asset should the Council wish to provide an alternative use of or dispose of the Leisure Centre site (subject to the issues above).

3.31 There have been some suggestions that a hybrid partial demolition and partial building retention could be pursued. The suggestion put forward is that the former dryside sports hall be retained whilst the wet side ancillary accommodation and squash courts are removed. This proposal has been examined but has been discounted as infeasible / uneconomic for the following reasons:

- All utility services and building plant are located in the wet side part of the HLC buildings. If the sports hall alone were to be retained there would be a need

for new utility supplies, a new plant room and new plant (heating system, electrical system, plumbing system). The cost associated would likely be in the order of £300,000 to £500,000.

- To retain the sports hall would require the construction of a new elevation along eastern side of the sports hall (along the line where the wetside would be demolished). A new entrance would also be needed in this elevation. The estimated cost for these works which would be essential in order to create a secure structure would be in the order of £250,000.
- As identified in the appended “Technical Briefing On The Condition Of The Former Hermitage Leisure Centre Building”, cladding repairs to the existing sports hall are required if the building is to be given a reasonable economic life. CBRE estimate the cost of these works as £111,000
- Demolition costs would likely increase as there would be a need to introduce more care into the process, so as not to damage that part of the building which is to be retained.

3.32 In total, it is likely that £800,000 plus fees would need to be spent to partially clear the HLC buildings but retain the sports hall in a safe and useable form. The Council's Valuer has suggested that the sports hall as a stand alone building in a renovated condition would have a value of £750,000.

3.33 Finally, this proposed option does not address any of the issues set out above regarding leasing any building, all of which would still apply to the suggested hybrid approach. There is, therefore, no financial case for demolition of part of the building with part retained and refurbished. This is also unfunded and would add further pressure onto the general fund of the Council.

Planning Considerations

3.34 The former leisure centre building and car park area lie outside the area of separation designated by Policy En5 (Areas of Separation) of the adopted North West Leicestershire Local Plan. As such, the redevelopment of this part of the site with housing will not impact on the area of separation.

3.35 The site would be classed as previously developed land, with existing suitable access options (subject to planning assessment).

3.36 Any redevelopment the site will be subject to Policy En3 (National Forest) which requires a contribution either on-site or off-site towards National Forest Planting and Policy En4 (Charnwood Forest Regional Park) which requires any new development to respect the character and appearance of the area in terms of design and materials used.

3.37 As such it is possible to undertake any of the options considered in this report (subject to the formal planning process).

3.38 The Local Plan also identifies the need to deliver over 100 new affordable homes per year to meet local housing needs. There is a demand for one and two bedroom homes in Whitwick for the elderly and disabled who require single level accommodation. This requirement accounts for 41% of the total need in Whitwick as

compared to 35% across the rest of the District.

4.0 **OPTIONS ASSESSMENT**

4.1 The following table provides an assessment of each option for the future of the HLC buildings having regard to those issues covered in this report:

- Building condition
- Contractual Matters
- Barriers To Selling
- Barriers To Leasing
- Financial Matters
- Zero Carbon Matters
- The Hermitage Recreation Ground

4.2 The table shows that demolition of the HLC buildings and retention of the land for the provision of a Council service is the only options without contractual or legal obstacle. This is in the view of officers is the best option for the site going forward.

Key To Table

Green = Deliverable

Amber = Problematic

Red = Highly Challenging / likely to be undeliverable

	Sell The Building	Lease The Building	Demolish and Sell Or Lease Land	Hybrid – Demolish Part of Buildings Retain and Sell Or Lease Other Parts.	Demolish And Retain Land For Other Council Service Use
Building Condition	No Obstacle	Council As Landlord Would Retain Ultimate Responsibility For The Building	No Obstacle	Sports Hall is in best condition but would require build of one new elevation and reprovision of all services	No Obstacle
Contractual Matters	Cannot sell for leisure use	Cannot lease out for leisure use	Cannot sell or lease land for leisure use	Cannot sell or lease out retained part of building or land for leisure use	No obstacle
Barriers To Selling	Property registered as Asset of Community Value.	Not applicable	Property registered as Asset of Community Value.	Would lose control of what happens on site	Not applicable

	Required price unlikely to be attractive to market		Would lose control of what happens on site		
Barriers to Leasing	Not applicable	No Valid EPC and not expected to meet MEES Regulations	No Obstacle	Retains part would require valid and Mees compliant EPC in order to lease out	Not applicable
Financial Matters	Unlikely to meet requirements under s123 LGA 72 as value of land is greater than value of buildings	No Obstacle	No Obstacle	Not judged financially viable cost outweighs Value	Funding for demolition identified in capital programme
Zero Carbon Agenda	Does not support	Does not support	No Obstacle	Does not support	Can Support
Hermitage Recreation Ground	Does not support	Does not support	Does not support	Does not support	Can Support

5.0 RISK LOG

5.1 Risks associated with various options for the existing HLC buildings are set out through out the report. The following is a summarized risk assessment.

- Financial costs to Council from retaining the building in its current state.
- Injury to a member of the public due to condition of the building.
- Breach of legislation
- Breach of contract
- Loss of control of important real estate.
- Reputational risk.

6.0 POST DEMOLITION

6.1 Should a decision be made to demolish the current HLC buildings, then contractors have indicated that it would be possible to submit a demolition notice, obtain consent and clear and level the site within 16 weeks. As part of the demolition, it is proposed to grass the site over (via seeding) at the conclusion of works. This action is somewhat seasonal, but it is anticipated that the site would be greened over by late spring 2023. The site could then be easily maintained in an attractive and tidy condition whilst the Council considers detailed business cases for future use.

6.2 As part of the demolition works it is **NOT** intended to remove the existing HLC car parking provision. Whilst temporary closure during building demolition works may be

required, this facility would remain available to the residents of Whitwick both up to and after building demolition, until a longer-term solution to the need for resident parking (in order to avoid congestion from on- street parking on Silver Street) can be found. The Council is aware of the need for this facility and aims to retain a provision on the site in some form.

7.0 FUTURE USE OF HERMITAGE LEISURE CENTRE LAND

- 7.1** Assuming a decision is taken to demolish the HLC buildings, the Council would still need to consider the future use of the site. The Corporate Disposal Policy identifies that where a property asset is released by one service and can be used by another service, then it is a valid approach to transfer the asset to the new service.
- 7.2** Property Services have been made aware that the Council's Housing Services Department are seeking parcels of land upon which to develop new Council Housing. No other Council service departments have come forward with alternative use proposals for the HLC site.
- 7.3** It is considered that the Housing Services Department will be able to develop a strong business case for the development of council housing on the site of the HLC buildings (once cleared), through the Council's HRA account. This would help deliver a priority objective of the Council's Delivery Plan in terms of housing need in the area. Any new proposals for the development of new Council housing on this site would developed to meet local need, adhere to the Council's design standards and consider how best it can address the Council's Zero Carbon ambitions.
- 7.4** To make the HLC site available for Council Housing use there would need to be an internal transfer of the land from the General Fund (GF) to the Housing Revenue Account (HRA) by way of Appropriation.
- 7.5** There are a number of advantages to appropriating the site to the HRA;
- Supporting delivery of the Council's priorities though the provision of affordable homes for rent in Whitwick which is an area with demand
 - The Council retains control of the site and so has greater control to develop the area in a way that complements the wider plans for the Hermitage Recreation Ground and can dictate the overall design of the scheme and the density
 - Dependant on when the appropriation of the site takes place, it is likely that savings to the General Fund of between £28,000 and £122,000 per annum, will be realised. These could be used to fund the capital costs of improvements to the HRG, allowing a capital investment estimated to be between £0.37 and £1.49 million.
 - There is no sale or disposal – it is an internal Council function moving the use and operation of the site from one part of the Council to another. It is also in line with the Council's adopted Disposal Strategy which seeks to consider if another service area could make use of the land prior to considering any third-party route.
- 7.6** Further explanation of the process of Appropriation in provided in appendix 4. It is proposed within the Recommendations of this report that responsibility for the appropriation process be delegated to the Strategic Director with responsibility for

property in consultation with the S151 Officer and appropriate portfolio holders .

7.7 Consultation with the community to gather views on how they would like to see the HRG improved has been undertaken over an extended period of time. Commentary on the consultation is set out in appendix 5.

7.8 In summary, when it comes to **residential development on the leisure centre footprint site**, the feedback shows between 50% and 60% of people are against the idea, with around 20% - 30% of people in support of the idea and around 20% of people who showed no preference. The exception to this is the community feedback event, where 82% (27 of the 45 people in attendance) stated that they were against the idea of residential development on the leisure centre footprint.

Engagement method	Against the idea of residential development on the leisure centre footprint	Support the idea of residential development on the leisure centre footprint	No preference in relation to the idea of residential development on the leisure centre footprint
Community feedback event	82% (27 people)	18% (6 people)	-
Online and paper survey	53% (546 people)	29% (305 people)	18% (184 people)
Paper survey only	57% (59 people)	25% (26 people)	18% (19 people)
TOTAL (PEOPLE)	632 people	337 people	203 people

(Members will note that much of the feedback received during the most recent community engagement opportunities and shown in Appendix 5 relate to the future of the recreation ground. These comments will be retained and considered when that matter is considered separately at a future date.)

7.9 In addition to the feedback received through the community consultation exercise, a petition has been received under the Council's adopted Petition Scheme as set out below. It should be noted that the petition does not object to the demolition of the HLC buildings merely the potential reuse of the site for residential purposes :

- i. "We the undersigned call upon North West Leicestershire District Council to support local residents in their objections to any residential properties on the Hermitage Leisure Centre site.
- ii. We urge the council to maintain their current policy to protect our green area of separation which includes the Hermitage Leisure Centre site".

- iii. The Petition Organiser is Mrs Moira Lynch.
- iv. The petition includes 126 valid signatures and was received on 16 August 2022.
- v. In accordance with the Council's Petition Scheme, the number of signatures included meant that the petition was an 'Ordinary Petition' and could be presented to the most appropriate meeting, this being the Community Scrutiny Committee being held on 7 September 2022.
- vi. The Petition Organiser has confirmed that she is happy with this approach.

8.0 SCRUTINY COMMENTS

8.1 A paper containing the same information as this Cabinet report was presented to Community Scrutiny Committee on 7 September 2022. Members of the Scrutiny Committee were presented with the recommendations that it was proposed be put to this Cabinet meeting and were asked to provide comments. The comments received have helped shape the final wording of the recommendations in this Cabinet paper.

8.2 Significant question and answering along with extensive debate took place at the Scrutiny meeting. By the end of the meeting members had failed to achieve consensus. The following bullet points provide a summary of the main views expressed. It should be noted that some are contradictory.

- It is not economic to invest in the necessary repairs to the building, it should be demolished.
- The building condition does not upon visual inspection appear to be as bad as the CBRE report indicates and could be brought back in to use quite cheaply.
- A community facility is needed for the people of Whitwick.
- The sports hall should be retained and gifted to the people of Whitwick.
- It would be better to demolish the former leisure centre and then build a new community facility purpose designed and according with Zero Carbon commitments
- It was felt that Cabinet Members should visit the former leisure centre buildings before making any decision on 20 September.

8.3 An alternative recommendation to Cabinet was proposed and seconded by two members of Community Scrutiny which (in summary) proposed that the council would demolish the swimming pool and squash court areas and then gift the retained sports hall (phase 3) building to a local community group. This proposed alternative recommendation was put to the vote, but lost on the chairman's deciding vote.

9.0 CONCLUSION

- 9.1** Sections of this report set out in detail the Council's options for the former Hermitage Leisure Centre buildings and describe any obstacles or negative implications of particular potential courses of action. These are then summarized in tabular form in the Options Assessment in Section 4.
- 9.2** Seven options are presented. Two were discounted in the first phase of assessment due to insurmountable issues. Four have at least one legal or statutory reasons why the Council cannot pursue that option. The same four have at least one additional issue that would make it difficult for the council to pursue that option, even if the legal and statutory issues were to be ignored or could be overcome.
- 9.3** There is only one option that is not blighted by legal or statutory issues. That is to demolish and clear the site and then retain for the delivery of Council services.
- 9.4** Funding for the initial demolition of the HLC buildings could be provided from the Coalville Regeneration budget provision.
- 9.5** Demolition, clearance and ground remediation as described in this report would leave the Council with a plot of land that is tidy and presents low risk to users and the general community.
- 9.6** Once cleared, the; security, safety carbon footprint and cost concerns arising from holding a surplus to requirements building in deteriorating condition would be removed.
- 9.7** A future use for the site will be required so that the asset is making a positive contribution towards delivery of council objectives.
- 9.8** Only one council service (Housing Services) has expressed an interest in the site, they would like the land to redevelop with new council houses. There are no legal, planning or contractual reasons why this cannot occur.
- 9.9** Transferring the land upon which the former leisure centre buildings sit to Housing services via appropriation has the added benefit of unlocking funding within the General Fund which could be used to invest in a new community facility (within HRG or elsewhere) or other investment in delivering the vision for HRG.
- 9.10** There is resistance from the local community to redeveloping the former HLC for council housing however the land is not within the area referred to by Whitwick Action Group as the "Green Wedge", it would be designated as brownfield land and reuse can be designed to avoid areas of the site impacted by the restrictive covenant.
- 9.11** It is Officer opinion that whilst the demolition of the former leisure centre and redevelopment for residential purposes is contentious at the very local level, from the district-wide perspective it makes sound economic and service delivery sense.

Policies and other considerations, as appropriate	
Council Priorities:	Insert relevant Council Priorities: <ul style="list-style-type: none"> - Supporting Coalville to be a more vibrant, family-friendly town - Local people live in high quality, affordable homes - Our communities are safe, healthy and connected
Policy Considerations:	Corporate Disposals Policy
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Economic and Social Impact:	None
Environment and Climate Change:	None
Consultation/Community/Tenant Engagement:	There has been an ongoing programme of community engagement running since before the HLC closed to the public. A summary of the views provided is included within this Cabinet Paper.
Risks:	As part of its Corporate Governance arrangements, the Council must ensure that Risk management is considered and satisfactorily covered in any report put before elected Members for a decision or action.
Officer Contact	Paul Wheatley Head Of Property and Regeneration Paul.Wheatley@nwleicestershire.gov.uk