

TONBRIDGE & MALLING BOROUGH COUNCIL
FINANCE, REGENERATION AND PROPERTY SCRUTINY SELECT COMMITTEE

14 November 2023

**Joint Report of the Director of Central Services,
the Director of Street Scene, Leisure & Technical Services,
the Cabinet Member for Climate Change, Regeneration & Property and
the Cabinet Member for Community Services**

Part 1- Public

Matters for Recommendation to Cabinet - Non-Key Decision

1 FUTURE OF THE ANGEL CENTRE, TONBRIDGE

The aim of this report is to ascertain Members' in-principle views on the future of the existing Angel Centre building as part of the Council's work to review its land and property assets in Tonbridge town centre.

Due to its age, design and the changing nature of leisure provision, the Angel Centre has reached the point of requiring substantial investment in both plant and equipment and building fabric to remain fit for purpose in the long term. In addition, significant further investment will be required to reduce the carbon footprint of the building to achieve the Council's carbon neutral aspirations for its leisure facilities.

Members are asked to provide their in-principle recommendations to Cabinet on whether they feel the existing building should be retained and refurbished or whether the Council should replace leisure provision at an alternative location in the town.

1.1 Introduction

- 1.1.1 As Members are aware, the Council has been progressing a review of its land and property assets in Tonbridge town centre to determine how they can best be utilised.
- 1.1.2 The Council has been working with the company Mace to deliver this work with Phase 1 focused on establishing Members' aims and objectives of the review, the outcome of which was reported to Cabinet at its meeting on 5th July 2022.

- 1.1.3 Cabinet agreed to continue the work into phase 2, which is focussing on the overall governance and programme objectives across the range of work streams identified in Phase 1, as well as giving priority to explore options on the potential development area east of the High Street.
- 1.1.4 The Angel Centre is one of the Council's largest assets in the town centre and is included within the area of potential development being explored through Phase 2. Members recently approved the inclusion of the Angel Centre, as well as the surface car parks in the surrounding area, for potential development as part of the new Local Plan process.
- 1.1.5 While completing their work, Mace have made clear that a decision on whether to refurbish the Angel Centre or seek to move facilities elsewhere is essential to best advise the Council on the wider redevelopment options on land East of the High Street. Due to its size and location the future of this building forms a key part of this work.
- 1.1.6 At the next meeting of this Committee, the outcomes of the phase 2 report will be reported to Members on the potential development area east of the High Street. It is important in the context of the future report to be presented to Members to know Members' in-principle views on whether they would like to see the existing building retained and refurbished, or whether a replacement facility to serve the town would be the preference.

1.2 The Angel Centre

- 1.2.1 The Angel Centre was originally constructed in 1981 as part of the development of the former Angel football ground which saw the construction of the existing Sainsbury's store and surface car parks. The Angel Centre replaced community facilities in Lyons Crescent together with a large sports hall and squash courts.
- 1.2.2 The Angel Centre is divided into two sides. The community side includes a suite of meeting rooms, a function suite and a community hall with stage. On the sports side there is a 6 badminton court sports hall, dance studio, pre-school and gym. There is a reception area serving both sides of the building.
- 1.2.3 Since the building was constructed, the Council has delivered a wide range of leisure services and activities from the facility and has continuously invested in both equipment and the building in an attempt to keep the building fit for purpose.
- 1.2.4 By way of some examples, the Council has spent approximately £687,000 over the last 10 years in maintaining the building and invested approximately £2.5m since the year 2000 on capital improvement schemes and equipment.

- 1.2.5 In 2013 the Council established the Tonbridge & Malling Leisure Trust to operate its leisure facilities, the Angel Centre being one. The decision to outsource to a Trust resulted in significant financial benefit to the Council including both business rate exemption and the preferential exempt VAT status of the Trust. This advantage was enhanced by a decision that the Council would retain responsibility for the cost of plant and equipment for which it could reclaim VAT thus reducing the service fee demands of the Trust and further cost saving for the Council.
- 1.2.6 In recent times it has become clear that for the building to be considered fit for purpose in the long term, either substantial investment would be required in the existing building, or a replacement facility would be required. The main issues being decarbonising the building as well as maintaining and updating the building fabric, plant and equipment, more details of which are provided in section 1.4.
- 1.2.7 This is as a result of the changing face of leisure provision and how it is delivered. When the building opened in 1981 there would have been very limited public access to high quality leisure facilities. However now there are a range of facilities available for public use across a range of settings within the town particularly by local state and private schools. These include:

Sports Halls

- Hayesbrook Academy
- Huge Christie School
- Judd School
- Tonbridge Grammar School
- Weald of Kent School

Fitness

- Snap Fitness
- Anatomy 37
- Tonbridge School

Meeting/function Rooms

- Schools
- Churches
- Colleges

- Sports clubs
- Tonbridge Castle

1.2.8 In 2013/14 the Council were in advanced negotiations with Sainsbury's regarding the development of the area east of the High Street, which would have seen the construction of a new leisure centre on the site of the Bradford Street car park. Sainsbury's withdrew from the scheme and so the current Angel Centre building remained.

1.3 Tonbridge Town Centre Work

1.3.1 As mentioned in the introduction, due to its size and location the existing Angel Centre building is a key issue in the work the Council are progressing in liaison with Mace to review its assets in the town, specifically in the area east of the High Street.

1.3.2 Due to the breadth and depth of the work associated with the option appraisals in this area, it would be incredibly helpful to get a sense from Members whether their preference, in principle, would be to refurbish the existing building or look to provide a replacement facility. This information will then be incorporated into the option appraisals developed by Mace which will be presented to Members at an appropriate meeting.

1.3.3 From a place shaping perspective, the current Angel Centre building does not easily fit into wider redevelopment options due to its size, location, design and range of facilities. If Members recommend, in principle, not to consider a refurbishment option then it will unlock additional opportunities in the area East of High Street, especially in relation to the area running alongside the Botany Stream where more could be made of the water frontage.

1.4 Current Situation

1.4.1 The Angel Centre was included in the portfolio of buildings leased to the Tonbridge & Malling Leisure Trust when it was created in 2013. The current lease of the Angel Centre is due to expire in October 2033, along with the other buildings leased to the Trust.

1.4.2 Outlined below is some information which may assist Members in reaching a recommendation to Cabinet.

Operational Considerations

- 1.4.3 The Angel Centre has always been a difficult building to manage and operate and its design, layout and mix of facilities does not meet the current needs of the market. This is evidenced by the fact the Angel Centre operates at a net loss compared to the other facilities operated by the Leisure Trust, which contribute a net profit to the Leisure Trust's overall bottom line. In the Leisure Trust's Business Plan 2023-2025 the forecast for 2023/24 is that the Angel Centre would operate at a loss of £265,500.
- 1.4.4 The facilities on the community side are not well used and better quality alternative facilities are available in the town operated by others. The usage of the community facilities in particular has declined since the covid pandemic. The Leisure Trust report that usage statistics and income analysis show the Medway Hall is utilised to a far lesser degree than pre-covid and that this decline may be traced back further. Major events like the Dance Festival and Christmas Panto no longer take place, along with the regular cinema screenings. It further reports that casual large hires are fewer and the Medway Hall is now used far more for regular group exercise classes linked to fitness membership and that a suite of six meeting rooms is not required with one now being permanently used for storage and the smallest room rarely hired.
- 1.4.5 Whilst on the sports side the gym performs well with the Leisure Trust reporting membership significantly ahead of pre-covid levels. Compared to pre-covid, membership is up 44% and income for 2022/23 was 49% above pre-covid levels.
- 1.4.6 In terms of group exercise and dance studios, the existing facilities, which are a mix and match of a refurbished squash court, the Riverside function room, Medway Hall and Sports Hall are variously ill-equipped to deliver a quality service due to a lack of air-conditioning, sprung floor, mirrors, high quality sound and light and poor acoustics. The fact that exercise classes are having to be run from these facilities supports the position that there are inadequate, fit for purpose dance studios to meet demand. There are no catering facilities on the site.
- 1.4.7 The Angel Centre operates a successful GP Referral Programme and Phase IV Cardiac Rehabilitation Programme. This involves a combination of prescribed exercise and lifestyle and dietary advice. Medical professionals refer patients to the programme.
- 1.4.8 In the past the Council has attempted to improve the layout and accessibility of the building via numerous internal reconfigurations, including moving the entrance to the side of the building and converting underutilised areas, for example conversion of squash courts to fitness studios and the gym.
- 1.4.9 Although these previous works have been successful, it always presents challenges when delivering services in areas which have not been originally designed for that purpose.

- 1.4.10 The internal layout of the building includes numerous corridors and rooms which restricts movements around the facility and does not create a particularly positive customer experience. This also reflects in higher maintenance costs.

Building Fabric Considerations

- 1.4.11 The building is now over 40 years old and therefore costs to maintain both the building fabric, as well as plant and equipment, are increasing. In terms of plant and equipment, it has reached the stage where entire systems that have reached the end of their serviceable lives need to be completely replaced, for example mechanical ventilation systems and boilers.
- 1.4.12 In terms of building fabric, we are aware of issues with items such as the sports hall floor, which will need to be completely replaced in the short to medium term due to reaching the end of its serviceable life, and underground drainage pipes, which are deteriorating to the extent the site are experiencing regular blockages.
- 1.4.13 A specific area of concern is the roof, which is a combination of felt covered roof, with the felt reaching the end of its serviceable life, and asbestos containing roof tiles.

Climate Change Considerations

- 1.4.14 In addition to the above, a key consideration is the Council's aspiration to become carbon neutral by 2030 and Cabinet's pledge to have carbon neutral leisure centres by 2027.
- 1.4.15 Across the Council's owned estate, energy consumption at the Angel Centre is only outstripped by the two sites with swimming pools, Larkfield Leisure Centre and Tonbridge Swimming Pool. For comparison, energy consumption and carbon emissions from the Angel Centre are close to double those from the Council's Gibson East and West office buildings combined. Reaching carbon neutral in operational terms for the Angel Centre would mean removing emissions of approximately 315 tonnes of CO_{2e} per year.
- 1.4.16 The building's Display Energy Certificate (DEC) and Energy Performance Certificate (EPC) provide information on current energy efficiency and potential additional measures. DEC's are required for buildings frequently visited by the public which have a total useful area greater than 250 sqm and have been produced for the Angel Centre since 2015. The DEC rates the actual or operational energy performance of a building against established benchmarks and takes into consideration the ways in which occupant use the building. A is the highest rating, and G the least energy efficient.
- 1.4.17 An EPC is similar in that it gives information about the energy efficiency of a building to owners, prospective buyers and tenants. The ratings run from A+ to G, with A+ being better than carbon neutral and G being the poorest energy rating.

- 1.4.18 From 1st April 2023 all commercial properties must have an EPC rating of E or above to continue to be let. If they score an F or G then the building owner will need to carry out improvement works in order to achieve an E or higher rating. The government are expected to increase the minimum EPC threshold to a C rating by April 2027 and then a B rating by April 2030. Financial penalties can be levied on building owners who do not comply, up to a maximum of £150,000.
- 1.4.19 Taking into account the Council's aspiration to become carbon neutral by 2030, and Cabinet's pledge to have carbon neutral leisure centres by 2027, the aim should be to have DEC and EPC ratings of A.
- 1.4.20 The Angel Centre's current DEC rating is E and EPC rating is C. The EPC notes that a rating of D is typical for buildings of similar type to the Angel Centre, whereas a new build of similar type typically has an EPC A rating.
- 1.4.21 The EPC recommendation report sets out measures that could improve a building's energy efficiency. For the Angel Centre, these recommendations are limited to potential improvements to insulation and some operational efficiencies, all with a low or medium impact. As pointed out elsewhere in this report, the building fabric, previous re-designs and co-option of space for new purposes limits what else can be done within the property short of complete over-haul. Retrofit that would be extensive enough to make a more significant reduction in operational energy use and carbon emissions would come at high financial cost. Significant carbon emissions would also be expected from the scale of works needed to address the fabric of a building of this size.
- 1.4.22 If new provision were provided, the emissions from any new build element would need to be accounted for and minimised using up-to-date design, materials, manufacture and construction processes. Plans for provision in any alternative location would need to take account of both the Council's own carbon neutral 2030 aspiration, as well as looking ahead to the UK 2050 Net Zero target, given that the life of such a facility would likely exceed 20 years. A building with a minimum 'A' EPC rating would be consistent with these goals.
- 1.4.23 For any building, emissions are produced during the design, manufacture and build process; while the building is in operation; and at 'end of life' when the building is dismantled and materials disposed of. During the operational life of a building emissions will be produced by energy consumption, but also through emissions associated with further retrofit measures. New design methods and construction standards can ensure buildings, including leisure centres, can already operate at net zero, minimising the need for future retrofit. Whether the decision is to invest in deep retrofit, or to move to an alternative location, efforts should be made to minimise emissions at every point.

1.5 The Leisure Trust

- 1.5.1 The Leisure Trust were asked to provide its views on the current Angel Centre, which are:
- 1.5.2 *Despite investment over many years by the Council the fundamental failures in the original design of the Angel Centre have resulted in operational challenges for 40 years. Reconfiguration of the facilities have assisted in improvement of services but have never represented truly fit for purpose spaces and as public expectation of bespoke, clean, well-maintained and accessible facilities increases so does the challenge. Whilst investment has always been welcomed it has proved impossible to refurbish existing areas to the high standards of extensions/new build projects undertaken elsewhere, notably at Larkfield Leisure Centre where the gym, spa and studio facilities amongst others have largely been extensions rather than refurbishment of existing areas.*
- 1.5.3 *The customer journey at the Angel Centre militates against easy access and lack of dedicated changing spaces also deters customers from use of the gym in particular. The need to programme activities into areas not designed for purpose results in lower customer satisfaction and the continual need to move equipment around the site. This impacts on the ability of the Trust to provide services seen as competitive in the local market.*
- 1.5.4 *Day to day maintenance is challenging in an ageing building with many redundant spaces that contribute to a less attractive facility. Dry side facilities across the country generally attract higher operating costs to income ratios and the Angel Centre is no exception but this is worsened by the age of the building and time and money spent on cleaning and maintenance.*
- 1.5.5 *Notwithstanding the above the Trust has worked hard to develop gym membership and provides valuable health and wellbeing services to a very wide range of residents and visitors. It is the Trust's view that current growth in use since the pandemic needs to be capitalised upon by investment in new or refurbished facilities as outlined in this report and the Trust looks forward to a continued and progressive partnership with the Council for the physical and mental health and wellbeing of local people.*
- 1.5.6 Liaison has been taking place with the Leisure Trust so that they have been able to brief their staff on the content of this report. Being that it is a public document staff may have legitimate concerns over their future job security. The Council is keen to work with the Trust to ensure continuity for the workforce and the service it provides. Liaison will also take place with customers by the Trust so they are properly informed. This is being undertaken in liaison with the Council's Media and Communications team.

1.6 Financial Implications

- 1.6.1 Being that Members are being asked to make an in-principle recommendation, officers have not incurred large costs associated with detailed financial appraisals of the options. However, we have looked at high level costs associated with an option to refurbish the current building and a replacement facility although at this stage no assumptions are being made about where any replacement facility would be located.
- 1.6.2 In terms of refurbishment, an estimated range of gross development costs (including building works, fees etc) is £8.6m - £14.58m.
- 1.6.3 The lower cost includes replacement of electrical and mechanical systems as well as internal alterations and reconfiguration, while the higher cost also includes replacements and upgrades to the building fabric with a view to providing a carbon neutral facility, hence the large range.
- 1.6.4 They also include a cost for lost revenue during the course of the works on the basis large areas of the building would be unavailable to customers. Whilst every effort would be made to retain core services this has been included as a one-off cost however it is not unreasonable to assume lost revenue may continue for some time as some customers will take out new membership elsewhere, for example. No allowance has been made for any loan repayment costs.
- 1.6.5 In terms of construction of a new building, costs are dependent on the size of the facility and the type of facilities being provided. Although a detailed assessment of the type of services which may be required has not yet been undertaken, an estimated range of gross development costs is £16.5m - £19.8m.
- 1.6.6 These high-level costs are based on a carbon neutral replacement facility which is approximately 15% smaller than the current Angel Centre, to take into account the inefficient layout of the current building. No allowance has been made for any loan repayment costs.
- 1.6.7 These costs do not include any increased revenue or operational savings which would result from the works as this will be dependent on the final scope. However initial estimates suggest this could range between £250,000 - £675,000 per annum.

1.7 Summary

- 1.7.1 The two in-principle options we are asking Members to consider are whether the Council should look to refurbishment the existing facility, with the aim of making the facility fit for purpose for the long term (20-25 years) including the pledge to make it carbon neutral by 2027, or whether those aims would be more effectively achieved in a newly constructed facility.

Table 1 – Summary of pros and cons

	Refurbishment Option	New Facility Option
Pros	<ol style="list-style-type: none"> 1) Lower initial capital cost 2) Generally speaking, less embodied carbon 	<ol style="list-style-type: none"> 1) Existing Angel Centre could continue to operate while a new facility is constructed 2) Design can ensure fit for purposes spaces are provided to meet customer needs 3) Ensuring building is designed and constructed to carbon neutral standard 4) Lower operating and maintenance costs 5) Presents opportunities as part of the wider town centre work
Cons	<ol style="list-style-type: none"> 1) Significant disruption to facility during works meaning customers may move elsewhere 2) Difficulty in ensuring the existing building can be made fit for purpose for the future if working within the existing footprint 3) Likely to be ongoing high operational and energy costs, despite refurbishment 4) Limits options for the wider development of the area east of the High Street 5) Significant challenges to make the building carbon neutral 	<ol style="list-style-type: none"> 1) Higher initial capital cost

1.7.2 In either case an assessment of what facilities could be provided and, in the case of a new facility option, where those facilities could be located will be undertaken.

1.8 Next Steps

- 1.8.1 Once a decision is made then officers can work with Mace to finalise the phase 2 Tonbridge Town Centre work with a view to providing Members with a report detailing the phase 2 work, including the implications of the in-principle decision made by Members.

1.9 Legal Implications

- 1.9.1 This information can be found in a separate (Part 2) annex.

1.10 Financial and Value for Money Considerations

- 1.10.1 Some high-level financial information in relation to the two options is provided above at section 1.6. Once an in-principle option is chosen further work will be undertaken and presented to Members setting out facility options, as well as some more detail on likely costs.
- 1.10.2 This may involve the need to instruct design and cost services with an appropriate budget being identified.
- 1.10.3 Options for how the Council could look to fund either option would be explored as part of the next phase of work.

1.11 Risk Assessment

- 1.11.1 If an in-principle decision is not forthcoming in relation to the Angel Centre it will add uncertainty to the Council's work to review its assets in the town centre.
- 1.11.2 Due to the condition of plant and equipment, as well as the Council's carbon neutral aspirations, this decision is needed to provide direction so we can plan for the future. If that does not happen the Council will be forced to spend significant sums of money on the building and equipment with no clear direction as to what the future of the facility may be, resulting in likely abortive costs.
- 1.11.3 If there is ongoing uncertainty over the future of the facility it may lead to both staff and customers leaving, impacting on the Trust's ability to generate revenue.

1.12 Equality Impact Assessment

- 1.12.1 Being that an in principle recommendation is being sought from Members, it is felt the decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. At the point final decisions are taken in relation to the provision of services then an equality impact assessment will be undertaken.

1.13 Policy Considerations

1.13.1 Asset Management

1.13.2 Climate Change

1.13.3 Healthy Lifestyles

1.14 Recommendations

1.14.1 It is **RECOMMENDED** to Cabinet that;

1.14.2 The preferred option chosen by Members of the Finance, Regeneration and Property Scrutiny Select Committee relating to the future of the Angel Centre set out in this report be taken into account, and;

1.14.3 Officers be instructed to proceed with further work on the preferred option, including what facilities could be provided and, in the case of a new facility option, where those facilities could be located, with a view to presenting a future report to Members with the details

The Director of Central Services confirms that the proposals contained in the recommendation(s), if approved, will fall within the Council's Budget and Policy Framework.

Background papers:

Nil

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