

Brighton & Hove City Council

P&R Committee

Agenda Item 107

Subject: Kingsway to the Sea

Date of meeting: 19 January 2023

Report of: Executive Director Economy, Environment and Culture

Contact Officer: Name: Vicki Linton-Crook
Email: Vicki.Linton-Crook@brighton-hove.gov.uk

Ward(s) affected: Wish, Westbourne, and South Portslade

For general release

1. Purpose of the report and policy context

- 1.1 In July 2022, the Policy and Resources Committee approved a total budget of £12.99 million for the Kingsway to the Sea project. The timeline for this project remains constrained by the requirement to spend £9.5 million of the Government's Levelling Up Fund (LUF) by 31st March 2024.
- 1.2 This report updates the committee on the recommended operational model for the management of the outdoor sports facilities and café.

2. Recommendations

That the Committee

- 2.1 Agrees that the pay-for-use sports facilities and outdoor sports hub public café will operate under lease arrangements, offered to the market via an expressions of interest process.

3. Context and background information

- 3.1 The Kingsway to the Sea site includes the land west of the King Alfred Leisure Centre up to the eastern end of Hove Lagoon. The esplanade, chalets and beach huts to the south and the cycle lane and pavement to the north are excluded. The project remains on track to transform this highly visible council owned community asset by providing facilities in line with current and future expectations. The key elements of the project are:

- Improved accessible and biodiverse green spaces across a linear park
- A new outdoor sports hub incorporating bowls clubhouse, public café with terrace, public toilets and changing facilities
- Tennis and padel tennis courts
- Sand sports areas
- Bowls and croquet
- Skatepark, pump track and roller-skating area

- Improved events space
- 3.2 The application was approved by the Planning Committee on 7th December 2022. (Appendix 1. Agreed site plan).

Operational Framework

- 3.3 The project must be financially self-sustaining, with future maintenance funded from existing budgets, combined with new income streams from rental income.
- 3.4 The operational model for the pay-to-use sports facilities is fundamental to ensure that revenue is maximised in order to safeguard maintenance of the park and secure the long-term sustainability of the facilities. The requirement to maximise income must be delivered in conjunction with the objectives to activate the facilities and maximise community access and participation.
- 3.5 An assessment of the pay-to-use sports operating framework, encompassing tennis, padel tennis and sand sports, has been undertaken by the Sports Consultancy FMG. The assessment criteria included a cost and revenue assessment, maximisation of sports participation and a recommendation of the 'best fit' management model for the long-term operation and maintenance of the area as a valuable community asset.
- 3.6 The four models considered for sports provision were: - Single Operator; Sports Specific Operators; a Community Asset Transfer (CAT) and a Council Operated model.
- 3.7 The assessment identified that the sports specific operator model provides the best value to the council in terms of generating an income from the facilities and meeting the objective to maintain and grow participation due to the operator's specialist interest and industry expertise. FMG have produced an operational strengths, weaknesses, opportunities and threats analysis (SWOT) to support this recommendation (see Appendix 2. Operational strength and weaknesses analysis which provides a summary of the four models considered)
- 3.8 The outdoor sports hub café is intended to operate under a lease agreement which will also provide a rental income to the council.
- 3.9 The assessment also considered the benefits of a management contract compared to a lease arrangement for the facilities. The recommendation resulting from this assessment is to operate the majority of facilities under a lease arrangement rather than a management contract.
- 3.10 The council already operates more than 100 leases in the Seafront property portfolio covering a wide variety of uses including sport and leisure. Therefore, the recommended model remains consistent with the council's seafront letting policy as the normal operating model and allows:
- A positive financial return to the council for reinvestment in the park

- An expressions of interest process that is inclusive and invites interest from smaller community groups and operators
 - Leases to be advertised and allocated through open process
 - A brief that requires a business plan to include programme and pricing structures, sports development and community access strategies
- 3.11 Lease agreements will be put in place that protect the community and existing club use of the facilities and recognise the obligations that the lease holders have to ensure public access to the council's portfolio of sports facilities. For example, the expression of interest invitation can request a business plan to include programming and a pricing strategy. Also, the lease terms can include permitted use which reflects community participation for the pay-to-use sports facilities. Mutual facility maintenance responsibilities will also be identified.
- 3.12 The leaseholder will generate an income from court bookings to contribute towards the maintenance of the leased facilities and rental payment to the council.

Future Maintenance

- 3.13 The long-term maintenance of the park is dependent on the revenue that can be derived from the operational model. It is vital that the park is self-financing now and in the future.

The wider long-term park servicing and maintenance requirements will be defined further as details of the design develop. Officers are in liaison with CityParks, CityClean, Streetlighting and the council's CCTV team to assess the costs for maintenance of the park areas which sit outside the sports facilities. Areas under assessment are:

- Maintenance of the planting scheme in the early stages of establishment
- Additional staffing levels from CityParks and CityClean
- Allowance for graffiti removal
- Maintenance and running costs of lighting and CCTV
- Ongoing maintenance of hard landscaping, street furniture and amenities

This assessment will be further refined and ongoing during 2023

4. Analysis and consideration of alternative options

- 4.1 The alternative models considered had strengths and weaknesses compared against the required criteria:
- Although the single operator model is utilised in the management of other sports facilities across the city it does not provide a viable route in this instance, as soft market testing revealed no interest from leisure management contractors.
 - To date, the CAT approach has been effective in ensuring the ongoing use and maintenance of existing and smaller outdoor sports facilities

elsewhere in the city's parks. However, as the tennis and padel courts will be new and highly desirable, a CAT model would not generate the required revenues to achieve a self-sustaining model for the whole park. The CAT approach would result in the under valuation of this major new community asset and represent a high-risk approach as it relies on community expertise and time.

- The inhouse model would not provide a cost-efficient model as it requires a high level of management time and resource. Also, the specialist expertise is not in place to successfully operate the facilities effectively.

- 4.2 The analysis of strengths, weaknesses, opportunities, and threats (SWOT) conducted by FMG is summarised in the operational strength and weaknesses analysis (see Appendix 2)

5. Community engagement and consultation

- 5.1 Consultation about the improvements to the West Hove seafront have continued with monthly meetings with the West Hove Seafront Action Group (WHSAG) which contains representation from 15 separate local community stakeholders i.e., representatives from resident associations, businesses, clubs, voluntary organisations, and Ward Councillors.

- 5.2 In addition, officers and the design team have continued to meet with stakeholders such as the Hove and Kingsway Bowling Club, Friends of Hove Lagoon, the King Alfred Tennis Club, the Hove Beach Croquet Club and sand and wheeled sports representatives. Local businesses have also been consulted. This engagement will continue during the final design stages and construction of the park.

- 5.3 Ward Councillors continue to be supportive of the plans and play an active part in sharing and shaping the detail of the scheme with the local community.

- 5.4 Regular communications about the project have been made in print, via news stories and social media. A video featuring a site fly-through, and stakeholder commentary aims to inform the public about the new facilities and was used to promote the Planning consultation process. Generic videos and on-site information boards will continue to be used to update on the project progresses.

6. Conclusion

- 6.1 The specialist sports operator model and lease arrangement approach provides the best value to generate income from the facilities. It will also meet the objectives to maintain and grow sports participation due to sports operator's specialist interest and industry expertise. This approach will secure guaranteed revenue to enable the long-term maintenance of the wider park.

- 6.2 The West Hove Seafront Action Group will continue to be consulted as the major stakeholder group throughout the development of detailed designs preconstruction and construction.

7. Financial implications

- 7.1 The Kingsway to the Sea project is funded from a combination of government grant, Section 106 receipts, and council borrowing. The financing costs of £1.000m of that borrowing will be funded from income generated from the development. This is estimated to cost £0.035m per annum once the project is complete and therefore the development needs to achieve this level of income as a minimum. However, the wider costs of operating the park are also outlined in 3.13 above.
- 7.2 New net income above this level is planned to be reinvested into the ongoing maintenance of the project once complete. This will require a new reserve to hold this income as a sinking fund until it is required for maintenance.
- 7.3 The proposed leasing arrangements will contribute new income but at this stage the level of income is unknown.

Name of finance officer consulted: James Hengeveld

Date consulted: 21/12/2022

8. Legal implications

- 8.1 The leases will be drafted to ensure that they cannot be construed as concession contracts which would need to be procured in accordance with the procurement regulations. This will limit the Council's ability to place enforceable obligations on the lessees to provide services in accordance with the Council's requirements.

Name of lawyer consulted: Alice Rowland

Date consulted: 22/12/22

9. Equalities implications

- 9.1 A Design and Access statement has been provided as part of the Planning Application.
- 9.2 An Equalities Impact Assessment will be undertaken for the whole design and operation of the scheme.

Supporting Documentation

1. Appendices

1. Agreed site plan
2. Operational strength and weaknesses analysis

