

## BOROUGH OF HARROW

<b>Meeting:</b>	Cabinet
<b>Date:</b>	29 <sup>th</sup> July 2004
<b>Subject:</b>	Proposal for an Indoor Tennis Centre
<b>Key decision:</b>	Yes
<b>Responsible Chief Officer:</b>	Executive Director, Urban Living
<b>Relevant Portfolio Holder:</b>	Education & Lifelong Learning
<b>Status:</b>	Part I
<b>Ward:</b>	N/A
<b>Enclosures:</b>	Appendix A – Indoor Tennis Initiative (ITI) Appendix B – Leisure Connections Cost Model

### 1. **Summary/ Reason for urgency (if applicable)**

- 1.1 To set out the business Case for the proposed Indoor Tennis Facility at Harrow Leisure Centre
- 1.6 The Council received first stage approval of a grant from the British Tennis Federation, the charitable arm of the Lawn Tennis Association (LTA), on 2nd July 2003. The LTA approval process requires the offer to go to second stage for agreement. The standard conditions on LTA funding are that they remain open for a period of 1 year whilst the applicant secures the additional funding; details the design and secures the planning and development approvals to complete the scheme. The LTA have stated that they require a decision from the Council, in principle, by the end of July 2004.

### 2. **Recommendations**

Cabinet is recommended to:

- 2.1 Accept the offer of grant and loan funding from the Lawn Tennis Association and progress to stage 2 to enable the project to be developed for final approval by the Council and the LTA.
- 2.2 Instruct the Executive Director, Urban Living to produce a detailed project plan and timetable to develop a fully detailed and costed scheme in partnership with the Lawn Tennis Association for consideration at the next meeting of Cabinet.

### **3. Consultation with Ward Councillors**

3.1 N/A at this stage

### **4. Policy Context (including Relevant Previous Decisions)**

- 4.1 Harrow's Cultural Strategy identifies a number of gaps in the provision of leisure facilities and specifically mentions the development of an Indoor Tennis Initiative for the Borough.
- 4.2 The UDP identifies in Policy R10 (Indoor Sports Facilities) a demand for facilities such as an indoor tennis courts at the Leisure Centre and as a priority for sports development in the Borough. The UDP comments that due to the lack of suitable sites in the Borough, provision is most likely to arise with other developments or through extending existing facilities such as the Leisure Centre.

### **5. Relevance to Corporate Priorities**

- 5.1 One of the Council's key Lifelong Learning Priorities is 'To Improve the Borough's sports, leisure and arts facilities', a key stated outcome of which is: 'Improvements in the range and quality of sports, arts and leisure facilities.'

### **6. Background Information and options considered**

- 6.1 In 1986, The LTA, The All England Club and The Sports Council agreed a five year facility programme to build indoor tennis centres to be run on a 'Pay and Play' basis. Each of these partners committed £500,000 per annum to be used as grant aid to Local Authorities to develop indoor courts. The first centre: Batchwood ITI, St. Albans, Hertfordshire, opened in 1988.
- 6.2 The first phase of the Indoor Tennis Initiative (ITI) programme ran from October 1986 to September 1991 and generated some £24m of facility development; the second phase was completed in September 1996. The LTA are continuing to develop indoor tennis centres in conjunction with Local Authorities.
- 6.3 The key objectives of the Programme and the conditions of grant have remained consistent. The ITI is the most successful tennis development scheme initiated in Britain and is held in high esteem by the public sector.
- 6.4 The Council received Stage I approval for a grant from the LTA for a six court indoor tennis centre as part of the Leisure Centre Complex. The bid was based upon a £300k grant and £180k interest free loan and the remaining development costs being met by Leisure Connections and/or the Council.
- 6.5 The provision of a tennis centre has been discussed by the Borough and the LTA over a number of years and was considered as part of the investment by Leisure Connections for the partnership agreement which has recently been signed. However, the proposal for the Tennis Centre was eventually deferred and the Banister and Hatch End sports facilities were included in the agreement for investment by Leisure Connections.

- 6.6 The most recent bid was developed in partnership with Leisure Connections by officers in the former Education and Environment Departments. The proposal set out in the bid was for the construction of a six court indoor tennis facility to be built adjacent to the Harrow Leisure Centre. It was envisaged that the Indoor Tennis Centre would be a joint venture with Leisure Connection and would be incorporated into a revised partnership agreement for the whole site.
- 6.7 Leisure Connections state that they originally submitted a proposal for a 6 court building with additional associated facilities such as catering areas, officers and lecture rooms. The proposed cost of the facility was reported to be in the region of £2.5 million. After discussions with the BTF, the latter agreed to provide the same support towards a cheaper scheme utilising the existing leisure centre facilities to support the basic 6 court hall. Leisure Connection believe that a basic six court hall 'could be built for somewhere between £1.4 million and £1.5 million subject to planning permission and suitable surveys'. Of this, the LTA will provide £300,000 grant and £180,000 in the form of an interest-free 15 year loan.
- 6.8 Leisure Connections have provided a five year cost plan for the proposed facility which has been considered by Urban Living & Business Connections finance officers. This financial information has been used in the paragraphs below:

### **The Position of the Lawn Tennis Association**

- 6.9 The LTA are extremely keen to encourage and enable the development of an Indoor Tennis Centre in Harrow. Their Indoor Tennis Initiative is still an important policy driver. There is no such facility within the Middlesex LTA area and they are keen to establish centres to meet real and latent demand. They believe Harrow to be an important opportunity, not least because of the demographics of the borough. The nearest centres available for Harrow residents appear to be Batchwood, near St Albans (a facility owned and operated by Leisure Connections) and Islington.
- 6.7 The LTA have indicated they require a commitment to accept their offer and agree progress to develop a detailed project. They have set a deadline of the end of July 2004 for decision. If the Council does commit to proceed they will work with us to develop and implement the proposals. The LTA will make available specialists to assist in design, layout, lighting etc. and assist in project managing the development of the facility.
- 6.8 The LTA grant offer comprises:
- £300,000 grant
  - £180,000 interest free loan repayable in 15 annual instalments commencing from the second year of operation.
  - £50,000 revenue funding spread over the first two years of operation to fund tennis development officers / coaches
- 6.9 The LTA see their programme as being more than just the construction of a physical facility. Their objective is to promote the development of tennis across the community both to widen the participation in the sport and to improve the skills and quality of those who play. Clearly their programmes target the introduction and development of young people to tennis. Equally important, but perhaps less well known, are their programmes to promote the development of the sport amongst people with disabilities.

## **Options Considered**

- 6.10 In the development phase of the bid the single option pursued was one of partnership with Leisure Connections. Latterly, with the Council and the LTA being the only funding partners in the proposed arrangements, officers have explored other potential options for the delivery and operation of the facility. As stated in the Council's Unitary Development Plan, suitable sites within Harrow are rare. Furthermore, advice from the LTA is that an indoor tennis centre only works well when it is co-located to provide synergies with other leisure facilities.
- 6.11 The other large leisure development in Harrow currently is the Prince Edward Playing Fields project. Officers have held discussions with Scarborough Developments about the possibility and / or desirability of adding an indoor tennis facility to the leisure 'offer' in the complex. Whilst the developer is extremely keen and has submitted a letter of intent, they are unable to give a definite commitment until September at the earliest. This does not give the Council the certainty it needs to provide a definite commitment to the LTA by the end of this month. Advice from the Chief Planning Officer casts even more doubt over this proposal, particularly in terms of the risk of the application being 'called-in' and the impact that would have on timescale.
- 6.12 Officers have therefore pursued the original proposal to construct a new facility adjacent to the Harrow Leisure Centre to gain the benefits of shared use of reception, catering, changing and gym facilities. Clearly this arrangement will only work if the operator of the tennis centre and the leisure centre is one and the same organisation. Contractual arrangements for both facilities would therefore need to be harmonised

## **7. Tennis Demand in Harrow**

- 7.1 A comprehensive study of supply and demand for sport and leisure activities in Harrow is currently being commissioned. The results of the study will not be available until next year. The following paragraphs set out information which is currently available:

### **Current Usage at Harrow Leisure Centre**

- 7.2 The "Tennis Action" programme at Harrow Leisure Centre currently offers pre-paid courses for a 15 week term available to pre-school tots, juniors, and Adults users on a term by term basis. There is also a service that offers the opportunity for members of the public just to turn up and play on a casual play-and-pay basis.
- 7.3 The overall aim of the Tennis Action programme is firstly to develop key foundation skills such as coordination, ball and racket control skills eventually leading to identifying and training talented players to complete at regional and national level.
- 7.4 The usage figures for 2003/4 show the intake into the programme was 1400 participants overall. A breakdown of the users is shown below; -

Activity	Age Range	Cost per term	Attendance
Tots	2 – 4 years olds	£63.00	300
Mini Red Tennis	5 – 8 years olds	£74.00	470
Mini Orange	8 – 12 years old	£109.00	560
Junior Squads	12 – 16 year olds	£109.00	70
Pay & Play	All	£24.00	85

Historical data showing participation per month since 2000 is shown below; -

	2000	2001	2002	2003	2004
Jan	730	590	530	700	309
Feb	350	404	178	264	117
Mar	3188	3754	4426	3783	527
Apl	1416	1594	360	1473	1019
May	526	244	6	379	242
Jun	1710	1954	140	1362	
July	3610	2628	1430	913	
Aug	638	308	482	623	
Sept	494	430	475	1878	
Oct	576	202	163	2661	
Nov	2870	2977	216	235	
Dec	1400	1080	3058	604	
Total	17,508	16,165	11,464	14,875	2,214
Ave/Mon	1459	1347	955	1240	443

- 7.5 Leisure Connection estimate that 70% of the participants are borough residents, and 60% are male and 40% female with up to 80% take up from black and ethnic minority groups.

### **Schools**

- 7.6 As part of the Council's recent successful bid of £1.1m from the New Opportunities Fund [NOF], the borough will be developing a Mini Tennis Zone as part of the refurbishments at Whitefriars First and Middle School. The Project cost is £70k for the construction of 4 red & 2 orange mini tennis courts on a tarmacadam surface and is funded through the NOF PE and Sport programme.
- 7.7 Additional funds have been found to provide improvements to the changing facilities at Harrow Teachers' Centre. Work is due to start in August 2004 and there is a three-week build programme.
- 7.8 The School's Partner Primary Schools are Norbury First and Middle Schools, Elmgrove First and Middle Schools and Cedars First and Middle Schools. Whitefriars is also part of the School Sports Co-ordinator programme and there are 9 schools in their family.
- 7.9 Other accredited Local Mini Tennis Zones in Harrow are at Harrow Leisure Centre, Headstone LTC and Pinner LTC. Other key Stakeholders not mentioned above are Harrow High Sports College and the Wealdstone Regeneration Group.

## **Local Clubs**

- 7.10 Within the borough there are approximately 20 Clubs affiliated to the LTA. The following clubs currently have a basic junior tennis programme that offers junior learn-to-play tennis classes There are no indoor tennis facilities available to Clubs within the borough.

Pinner Lawn Tennis Club  
Harrow Wealdstone Lawn Tennis Club  
Kenton Lawn Tennis Club  
Harrow Baptist Lawn Tennis Club

## **Outdoors Tennis Courts**

- 7.11 The Borough currently has 61 tennis courts in parks, all of which require resurfacing and new equipment. They are not used to their capacity. The Parks team are also investigating the possibility of converting selected tennis courts into basketball courts. There has been an expressed greater community need for casual basketball courts than tennis courts. Due to the lack of ancillary facilities the courts are also not adequate for club use. The casual use of the tennis courts is often spread sporadically over the year with peak periods coinciding with major televised competitions such as Wimbledon.
- 7.12 From site visits to other similar facilities and discussions with the LTA, the tennis centre development at Byron Recreation Ground will certainly require the capacity to expand to a minimum of 3 floodlit outdoor courts to meet potential latent demand this new facility is likely to generate. Experience of other indoor facilities is that people want to move outdoor when the weather is fine. Preliminary discussions with the LTA indicate that this could also be grant assisted as part of a phased construction subject to a detailed business and development case being made.

## **8. Commitment to Sustainability**

- 8.1 One of the LTA's key objectives is to promote the development of tennis across the community both to widen the participation in the sport and to improve the skills and quality of those who play. It is essential for players and potential players coming into the sport that this arrangement is sustainable over time.
- 8.2 Utilising Leisure Connection as an operator for the proposed facility proposal offers a 5-year Tennis development opportunity to the borough. The present leisure centre management would be combined with their experience in managing a similar tennis facility in Batchwood near St Albans which is owned and operated by Leisure Connections.
- 8.3 The Leisure Connection's draft business plan assumes the construction phase will take two years to complete and the first trading year will be 2006/7. They have also assumed an income loss in excess of £100k per year arising from the transfer of the existing Tennis Action programme will be met by the Council for the first two years of operating the new facility.
- 8.4 The leisure Connection proposal is for a five-year period only and, like the new Leisure Centres contract, tenure will be subject to the Council's best value procurement considerations when this proposal and the new Leisure Contract will expire in 2011.

- 8.5 The LTA is prepared to provide £50,000 per annum revenue funding to assist with the tennis development at the new facility together with any outreach work within the borough's school. This funding is only available for the first two years of the project. It is recommended that the borough's Sports Development Team manage this grant to ensure equitable access is provided and sport development objectives of the LTA is monitored and delivered effectively.
- 8.6 After the initial 2-year period the LTA funding will cease, and the Council will then become responsible for sustaining this commitment within the scheme at a cost of £20k in yr3 rising to £40k from yr 4 onwards to ensure the training and development of the participants.
- 8.7 As part of the commitment to sustainability exit strategies and links will need to be resourced, developed, and maintained thorough the borough's Sports Development Team to ensure pathways exist to increase youth participation by developing after school academies at key schools for participants, and that pathways are available for participants from the schools and tennis centre programmes can progress on to local clubs and receive specialist coaching at club level to ensure continuity of the development. This cost is estimated at £40k approximately per annum to provide support for [balls rackets, coaching fees competition entries, transport etc] and the occasional hire of facilities for representative squad around 2 hours per week.

## **9. Access for Hard to Reach Groups**

- 9.1 Leisure Connection has agreed to operate a new pricing tariff called the "Harrow Leisure Card" that will benefit the residents of the Borough as part of the new Leisure Management Contract arrangements.
- 9.2 The new Harrow Leisure Card tariff will entitle the bearer to use the proposed tennis facilities on a pay and play basis only, between the hours of 8.00am – 5.00pm Monday to Saturday.
- 9.3 The Harrow Leisure Card also offers a concessionary tariff for groups such as juniors aged between 14 to 17 years old who will receive a special discounted price on play and play pre booked tennis activities up to 8 days in advance

	<b>Resident £</b>	<b>Non Resident £</b>
Family 2 Adults + 2 Child	40	70
Family 1 Adult + 1 Child	20	35
Adult	15	30
Junior	5	12.50
Concession [14 to 17]	2.50	10

- 9.4 The percentage discount on charges for use of the facilities is 10% for all cardholders except 'concession' cardholders who benefit from a 20% discount on prices
- 9.5 In addition the Council's Sports Development Team are to be provided with 50 cards free of cost in any one calendar year to support the Borough's Sports Development programme to encourage greater participation in under represented groups

## 10. **Finance Observations**

- 10.1 The proposed Indoor Tennis Centre will cost £262,000 per annum. This cost estimate is comprised of:

<u>YEARS 1 &amp; 2</u>		£
Capital Financing Costs	100,000	
Repayment of LTA Loan	12,000	
Net Operating Costs (years 1&2)	55,000	(using figures supplied by LC)
NNDR (estimated)	100,000	
TOTAL	<u>267,000</u>	

Dealing with each element in turn:

### Capital Costs

- 10.2 The construction cost for the facility has been estimated at £1.5 million. This is based upon advice from the LTA and from the experience of similar facilities constructed in the last few years.
- 10.3 The capital costs would be funded from:

£300,000 in grant from the LTA.  
 £180,000 interest free loan from the LTA  
 £1,000,000 provided by London Borough of Harrow

- 10.4 The estimated revenue implications would be:

£100,000 per annum for 15 years to finance the Council capital contribution  
 £12,000 per annum LTA loan repayment from year 2 to year 16 of operation.

### Income and Operating Costs

- 10.5 The schedule attached at Appendix A has been provided by Leisure Connections. The figures are derived from Leisure Connection's experience in operating the Batchwood facility. Broadly the schedule shows the net annual operating subsidy required from the Council is in the region of £60,000. This excludes NNDR. Officers have estimated that the NNDR requirement will be in the region of £100,000 per annum.
- 10.6 The business plan produced by Leisure Connections has been critically examined by officers and the following observations and comments are made:



## Income Projections

- 10.7 The income projections are based upon estimated income from the Indoor Tennis Facility. The income figures do not grow until after year 3 as it is assumed that:
- It will take two years to build the tennis business customer base
  - It will take two years to develop alternative uses for the current facilities when the presently delivered indoor tennis programmes are transferred to use the new purpose-built facility.

*In officers' views these are extremely pessimistic projections. Advice sought from managers of similar facilities is that, with Harrow's catchment area, utilisation will rise rapidly. With effective marketing and promotion, it is thought that it will take months rather than years. If the more optimistic scenario materialises, then the centre should require an operating subsidy nearer £20,000 per annum from year 3 onwards. However, this will be offset by the requirement for Sports Development funding to replace the LTA funding of £40,000 per annum which halves in year 3 and disappears from year 4.*

## Expenditure Projections

- 10.8 A number of costs within the Leisure Connections Business plan appear high. These include: Payroll costs, Repairs and Maintenance (particularly for a brand new building) and utilities costs.
- 10.9 The proposed contract charges also appear high with fees being set at 15% of Total Gross Income. Total Gross Income includes catering income and the cost of sales.
- 10.10 There is no provision within current or planned budgets to finance the Indoor Tennis Centre and the related Sports Development costs totalling £267k per annum. Growth from 2006 /07 would therefore be required.

## **11. Legal Observations**

- 11.1 None

## **12. Conclusion**

- 12.1 The construction of an Indoor Tennis Centre would significantly add to the range and quality of leisure facilities offered by Harrow. The facility would not just benefit current and prospective tennis players but would yield benefits to other leisure users by freeing-up space in the Harrow Leisure Centre, currently used for tennis, which could be used for other sports and pastimes.
- 12.2 The Council's own UDP; its Cultural Strategy; and the Audit Commission all acknowledge and reflect upon the relative inadequacy of sport and leisure provision within the Borough. It is accepted that Harrow is 'coming from a long way back' in terms of serving the sports and recreation needs of people of all ages and young people, in particular. Whilst the Council has commissioned work to carry out a detailed study of supply and demand, the Council has a generous offer from the LTA on the table. The timetable set

by the LTA dictates that we cannot wait until the detailed supply and demand study has been completed.

- 12.3 A Harrow Indoor Tennis Centre would draw on a market from beyond the borough boundaries and would undoubtedly provide a facility for tournaments and competitions for tennis players in north and west London and beyond. There is currently no similar facility with Middlesex County Lawn Tennis Association area. Arguably, the creation of an Indoor Tennis Centre will provide a positive force to assist in the wider the regeneration of Wealdstone.
- 12.4 The Council contribution to the capital costs and the level of ongoing revenue support is undoubtedly far greater than was originally envisaged when the bid was submitted. However, the offer does provide a grant £300k and a further £180k interest-free and is one of the best offers made by the LTA to any organisation. Against this, the worse case scenario within the business plan requires an ongoing revenue contribution from the Council of £267,000 per annum.
- 12.5 The Council already contributes £1.35 million per annum to subsidise the operation of Harrow Leisure Centre. The construction and operation of an Indoor Tennis Centre would generate a significant enhancement to the range and quality of leisure provision in Harrow at a cost increase of just under 20%, bringing the total revenue subsidy to around £1.62 million per annum.
- 12.6 Officers have identified that this could be funded a number of ways some of which would minimise the impact upon the general fund.

### 13. **Background Papers**

13.1

### 14 **Author**

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## **INDOOR TENNIS INITIATIVE (ITI)**

In partnership with Local Authorities, the LTA has developed 52 ITI sites across a wide geographical spread of the UK, as shown on the map attached.

The 52 centres provide 276 'open access' indoor courts for the public to hire or be part of a centre's programme, providing playing, coaching and competitive opportunities for all.

The LTA's capital and revenue investment into these centres exceeds £21m. Revenue investment has created Tennis Development Officer/Head Coach positions at all the centres, which are supported by a large and growing base of full and part time coaches.

The objectives of the ITI programme are as follows:

- a. To provide quality coaching and development programmes
- b. To deliver better coaching practice and competition
- c. To encourage players from the broadest social spectrum
- d. To provide tennis facilities
- e. To promote tennis as a recreational and healthy activity

You will see from the enclosed survey, which we undertook during 2002, that although there are many challenges in achieving all the objectives, on the whole the programme has been very successful. One other very important factor is that out of the 52 centres, 27 have achieved LTA National Performance Club accreditation status, which means that any talented and aspiring player in one of these centres can access high quality performance training.

The provision of tennis facility development is a major priority for the LTA, and the ITI programme provides one of the important means by which this can be achieved.