

<b>Key Decision Required:</b>	<b>Yes</b>	<b>In the Forward Plan:</b>	<b>Yes</b>
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## CABINET

11 OCTOBER 2019

### JOINT REPORT OF THE PORTFOLIO HOLDERS FOR CORPORATE FINANCE AND GOVERNANCE & LEISURE AND TOURISM

#### **A.2 BUSINESS PLAN FOR CLACTON LEISURE CENTRE** (Report prepared by Michael Carran and Richard Hall)

#### **PART 1 – KEY INFORMATION**

##### **PURPOSE OF THE REPORT**

Following on from Cabinet allocating a budget of £525,000 in their July meeting for asset improvement works at Clacton Leisure Centre (CLC), this report requests approval of the business case in order for the project to proceed.

##### **EXECUTIVE SUMMARY**

- In a report considered by Cabinet in July, titled 'Clacton Leisure Centre Refurbishment' the requirement for an asset improvement scheme to refurbish the swimming pool changing rooms and spa area at CLC was set out and a budget of **£525,000** subsequently allocated to a refurbishment project subject to a supporting business case being considered by Cabinet in August prior to any work being undertaken.
- These asset improvement works, with associated energy efficient adaptations will assist the Council in its objective to achieve high quality facilities throughout the District, together with improving customer access to services. Enhancing sports facilities will also compliment work which is currently taking place on the Sport England Local Pilots project, which has recently attracted £10m of investment between Tendring, Colchester and Basildon.
- Improving the quality of the leisure centre environment will in turn improve the customer experience at Clacton Leisure Centre. This refurbishment will provide a facility which users would expect from a modern leisure centre and contribute to the Council's 10 year strategy by driving down the subsidy through both increasing membership numbers and casual users, along with reducing expenditure on maintenance issues associated with the deterioration of the areas subject to this proposed refurbishment.
- The business case is set out in the Project Management Scoping Document, which is set out in Appendix A of this report. The key issues are:
  - These proposed works are the first phase of a wider Sports Facilities Strategy which will be considered by Cabinet in November 2019. This asset improvement scheme is considered to be the first priority of a number of projects due to be considered. Good quality changing facilities are the foundations of providing a high quality service in leisure provision and

improvements to this basic function are considered essential prior to progressing in other areas;

- The refurbishment will improve customer service and perception to both retain and attract new customers;
- Due to savings on maintenance costs and increased income from activities, the return on investment will be 8% despite this being an asset improvement scheme;
- There will be a reduction in the carbon footprint of the facility through energy efficient adaptations added through the refurbishment.

- All further details can be found in the preceding report referred to above.

#### **RECOMMENDATION(S)**

- a) That Cabinet approves the business case for asset improvement works to Clacton Leisure Centre; and**
- b) Subject to a) above, agrees to proceed with the project set out in the ‘Clacton Leisure Refurbishment’ report, with delegation for procurement given to the Head of Sport and Leisure under the Council’s procurement procedure rules.**

## **PART 2 – IMPLICATIONS OF THE DECISION**

#### **DELIVERING PRIORITIES**

If approved, this project will contribute to the Council’s 10 year strategy by driving down the subsidy, as set out in the scoping document. Asset improvement works, with energy efficient adaptations will assist the Council in its objective to provide high quality leisure facilities throughout the District, together with improving customer access to services.

Enhancing sports facilities will also compliment work which is currently taking place on the Sport England Local Pilots project, which has recently attracted £10m of investment between Tendring, Colchester and Basildon.

#### **FINANCE, OTHER RESOURCES AND RISK**

The budget cost projected by an Architect will be £525,000 for the works to both the swimming pool changing area and health suite. It takes into consideration professional fees and allows for a 20% contingency.

The above will help deliver on the cost pressure mitigation pillar of the 10 year financial sustainability as the need for additional repairs costs will be removed. Based on the end of financial year 2018/19, this would mean that £536K of additional costs over the rest of the 10 year period would be avoided. Further savings will be realised by incorporating energy efficient lights and variable speed drives on the circulation pumps.

#### **Risk**

If the decision is taken not to invest in the refurbishment, maintenance costs and loss of income from memberships will result in increased subsidy cost and reputational damage.

Any capital investment comes with strategic, operational and reputational risks. Strategic risk may arise if the proposed investment takes away commercial competitive advantage if it develops an asset that does not adapt to the external environment. The risk is mitigated in this investment as there is limited competition in the local market for swimming and swimming lessons.

Operational risk could be due to the capital project running over time, budget or being of poor quality. These risks would be mitigated by a formal project board managing this project and in the first instance has partially been addressed by adding contingency into the initial cost proposal.

Finally, it is recognised that there is the possibility of extra reputational damage to a local authority from operational risks, which would again be within the remit of the formal project board to manage. In terms of reputational risks it must also be recognised that to do nothing would continue to damage the reputation of the Council due to the extra financial loss and negative impression created by the asset.

## **LEGAL**

The Request for allocation of budget is in accordance with the Budget and Policy Framework, as set out in Part 5 of the Council's Constitution.

The facility will also continue to meet the requirements of the Disability Discrimination Act if a decision is taken not to refurbish the lift.

## **OTHER IMPLICATIONS**

**Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.**

**Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.**

### **Area or Ward Affected**

Clacton Leisure Centre falls within St James Ward but its customer base is from a far wider catchment.

### **Health Inequalities**

Poor health is intrinsically linked with sedentary lifestyles and improved high quality leisure facilities can support the wellbeing of local people.

### **Equality and Diversity**

The facilities at Clacton Leisure Centre are accessible to all members of the community. It is widely used by customers with wide ranging disabilities and age ranges.

The heat and humidity has resulted in regular mechanical issues with the lift servicing the health suite, resulting in breakdowns, regular call outs and reactive maintenance expenditure. The lift circuit boards frequently become too damp to operate and have to be removed, dried and out and replaced. The lift is not currently operational and the building is adequately served by another lift located in the reception area. As the corrosive spa environment is never going to be an appropriate environment for a lift and an alternative is already available, it is recommended that this is removed.

### **Environmental Issues**

Environmentally friendly adaptations will be incorporated into the refurbishment, which will ensure there is an 'invest to save' element to the project. This will include variable speed drives on the swimming pool pumps and changing lights to energy efficient LED's in the Health suite and swimming pool changing area.

**PART 3 – SUPPORTING INFORMATION**

**BACKGROUND**

Further information in relation to this project can be found in the Cabinet report titled 'Clacton Leisure Centre Refurbishment' which was considered at their July meeting.

**BACKGROUND PAPERS FOR THE DECISION**

None.

**APPENDICES**

None