

Project Management Scoping Document

Brief description of the proposal / concept

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This project is for asset improvement works to the swimming pool changing rooms and health suite areas at Clacton Leisure Centre, as the first phase of a wider strategy for the Council's Sports Facilities. The swimming pool changing rooms and spa area at CLC are at the end of their maintenance lifecycle and are in need of refurbishment.

The Council's Sports Facilities are a discretionary service, but a valued community asset with Clacton Leisure Centre as largest site within the Council's Sports Facilities stock attracting around 420,000 visits each year.

In parallel with the Council's 10 year financial plan, an overarching Sports Facilities Strategy is being developed for consideration in the autumn to ensure the service meets customer demand, supports the work of the Sport England Local Delivery Pilots project and provides long term financial sustainability. That emerging strategy is unpinned by the essential asset improvement works set out in this scoping document to ensure the facility is not only operating with high standards of customer service, but importantly ensures long term customer growth supporting financial sustainability.

The Sports Facilities strategy will build on this initial proposed investment to address the loss of income at the site (£47K in 18/19). The following projects are under consideration to address this:

- Addressing demand for a bespoke spin studio
- Improving the viewing area on the wetside
- Changing the pool timetable to meet customer demand
- Implementation of Learn 2 Swim project to allow parents to book lessons online
- Review of membership packages
- Partnership working with Essex FA and Football Foundation to redevelop the All Weather Pitch into a 3G pitch
- Partnership working to develop redundant MUGA space into a facility that will increase income and participation (this could be provided by TDC or other providers)
- Potential development of the Ancillary Hall into a toddler play area

The guiding principle behind the new strategy is that centres will provide a quality offering at a reasonable price and each project will be evaluated to see if they can deliver a return on the investment required by addressing the shortfall in income and then bringing in saving that can contribute to the 10 year plan period.

Before these projects can be considered, this business case proposes that asset improvement works are prioritised to ensure that costs are under control and can be sustained into the next 10 years within existing budgets and a £50k per annum investment/sinking fund which could underwrite future capital costs to avoid the need for a future corporate investment. This is considered to be the first priority of a number of projects to be considered. Good quality changing facilities are the linchpin of providing a high quality service and improvements to this basic function are considered essential prior to progressing into other areas. Completing of this project at the Council's flagship facility, would ensure the foundations are applied before moving on to other priority projects.

The Wetside/Spa project has been prioritised over the other asset improvement projects listed in the forthcoming strategy as it would generate the highest return on investment compared to other major repair works (such as the All Weather Pitch). Other income generating projects could be built on the foundation stones laid by this project as this key asset improvement project contributes to protecting the current income level of £522K.

As an update to the project list presented before cabinet in July, this report brings forward the following proposal to accompany the improvement works:

Lower the temperature of the Spa pool to create a relaxation pool, allowing the programming of Parent & Baby swimming lessons

A full costing/revenue analysis has been prepared and it will be possible to bring this forward as soon as the project is completed. The detail of the proposal has been added to the finance section.

What council priority will the proposal support and how?

These asset improvement works, with 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 introduction of Parent and Baby lessons will also contribute towards reducing costs.

Finance

A review of historic expenditure at the Spa/Wetside area can be found in table 1 appendix A. It reveals that expenditure has increased by £39K since 2014/15 - an increase of 30% of total spend.

A major factor in this increase was the failure of the lift in 2015/16 which added £20K to costs and has added £8K to £10K ever since in repairs. The lift has failed again in 2019 so we would expect the higher level repair cost of £20K in 2019/20.

The project addresses this cost pressure by removing the lift entirely so all these costs can be avoided in future. This is preferable to replacing the lift (cost £60K) which would reduce repair costs but only for a period of about 3-4 years as the lifespan of a lift is shortened due to the extra humidity of the Spa area.

Another factor for the increase in costs has been roof repairs which were £10K in 18/19 and are expected to increase to £15K in 19/20 as the roof has deteriorated significantly.

A final contributor to additional costs is the need to keep the Spa at a temperature of 37 degrees which has meant an increase in faults in heating the Spa system which have added about £5K costs since 15/16. The project will remove these costs as it is intended to reduce the temperature to a standard pool temperature of 31 degrees.

Overall it is expected that the project would bring costs back to the level of 2014/15 i.e. a reduction of £39K on the current level. This benefit would be reduced in year 2 in comparison to the status quo option, i.e. continue a repair programme would alleviate extra costs for a year but see them return to be at the same level 3 (then decrease year 4 and continue a 'see-saw' pattern similar to the historic trend).

The reduction of £39K costs would make a significant contribution to removing the 2018/19 outturn over spend at Clacton Leisure Centre of £67K. Assuming this is eliminated following the works then over the remaining 8 years of the 10 year financial sustainability plan, that would equate to £536K of cost pressures avoided.

In addition to the extra building repairs costs, the poor impression created by the deterioration of spa/wetside area has contributed to a decline in the number of members of the Leisure Centre. Membership income had declined by £11K between 2017/18 and 2018/19. The project is expected to prevent further customer loss and maintain memberships at the current level of 1,331 This would help protect £522K of membership income.

Subsequent to the report taken to cabinet in July the manager at Clacton Leisure Centre has now also provided the information required to progress a project on the back of the Spa/wetside works - providing parent and baby swimming lessons in the new relaxation pool in the daytime. This is presented in table 2 of Appendix A.

The surpluses generated from this project could be put towards the savings strand of the 10 year financial strategy.

Based on the below table the project is expected to payback in 12.5 years with an average annual return on investment of 8%.

The project would be funded from the 2018/19 outturn under spend and as such would be 100% internally funded.

The project would cost £525K, it is intended that this is completed by the end of 2019. It should therefore (save a retention) be expected to have been fully paid for in the 2019/20 financial year.

Building works at a Leisure Facility would be expected to incur the cost and recover VAT

Estimated Savings

| Type | Saving Description | 2020 /21 | 2021 /22 | 2022 /23 | 2023/ 24 | 2024 /25 | 2025 /26 | 2026 /27 |
|---------------------------|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Capital Receipt / Revenue | | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Revenue | Avoidance of premises repairs cost pressure | 39 | 20 | 39 | 20 | 39 | 20 | 39 |
| Revenue | Parent & Baby Swimming lessons | 6 | 9 | 12 | 12 | 12 | 12 | 12 |
| TOTAL | | 45 | 29 | 51 | 32 | 51 | 32 | 51 |

What are the Key Financial / Non-Financial Risks Associated with the proposal and how will they be managed? e.g. reputation, safety, service delivery etc.

| Key Risks | Action Proposed to Manage the risk | Link to Corporate Risk Register |
|--|--|--|
| Operational - project runs over time, budget or is of poor quality | A formal project board will manage the project and ensure information regarding key risks are received on a timely basis. A contingency has been added to the budget due to the additional risks associated with building projects of a complex nature which included mechanical and electrical works. | 2 - Failure to deliver key projects |

| | | |
|---|--|--|
| <p>Reputational - failure to manage operational risks leads to negative publicity of the council</p> | <p>As per operational risks this will be managed by the project board with input from the communications manager where appropriate.</p> | <p>3 - Reputational</p> |
| <p>Sensitivity of Parent & Baby Income to attendance levels decreasing - if capacity is at 50% then the saving would be reduced by £25K, payback would increase by 1 year and ROI reduce by 1%.</p> | <p>The risk is mostly mitigated by the fact that costs are mostly variable as classes can be cancelled if there is low attendance. The performance of the classes will need to be monitored post project to ensure the benefits of the savings are realised in line with the above table. If the savings are less then consideration will have to be made of different uses of the new relaxation/parent & baby pool to make up the shortfall.</p> | <p>2 - Failure to deliver key projects</p> |

| Sustainability | | |
|--|---|---|
| Long term impact - Positives / Negatives | Stakeholders - Internal / External / Both | Any ongoing costs after delivery |
| <p>Positive - Maintain premises costs within existing budgets. The intention of the project is to avoid recourse to corporate funds in future. To ensure this the Leisure centre has a £60K building repairs budget per annum, it is expected that the centre will manage within a budget of this size after this investment. Since 2016/17 Leisure facilities have set aside £50K per annum. This could be used as a sinking fund so the next major upgrade in 10 years could be funded entirely from within the Leisure Centre budget.</p> | <p>Internal - Members/Officers and External - users of facility</p> | <p>General repairs within the existing budget - setting aside funding for next major investment</p> |
| <p>Positive - enhances narrative about Council going providing quality facilities for a reasonable price and moving away from 'private members club' narrative. Negative - can no longer charge high end prices.</p> | <p>Internal - Members/officers and External - users of facility</p> | <p>The pricing strategy will be determined in November 2019, this phase leads into that strategy by ensuring that memberships are kept at the current level and there are no further losses in memberships.</p> |
| <p>Positive - carbon reductions from use of invertors for pool pumps, energy efficient lighting and reducing the temperature of the spa pool. The savings are 10,133 kgCo2/kWh in gas and 5,295 kgCO2/kWh of electricity from the national grid</p> | <p>Internal - Members/officers and External - users of facility and local environmental activists</p> | <p>It is not anticipated that these measures will increase costs rather that they should remain within existing budget.</p> |

Deliverability

The project is scheduled to commence at the end of November and is envisaged to take 5 weeks to complete. The project team aspire to complete the refurbishment prior to the beginning of January, which is historically the busiest period of the year.

A cross service project team will oversee the management of this refurbishment and will include officers from Sport and Leisure, Finance and Building and Engineering Services. This group will be tasked with ensuring a high quality procurement process and delivering the project on time, within budget and to the highest possible standards. The group will meet regularly prior to the contract commencing, with the frequency increasing as work commences. The majority of the work is replacement and aesthetic improvement, so an Architect will not be used in this project.

The Council's procurement procedures will apply in this case and a tender exercise will be undertaken to award the contract. This will be evaluated by the cross service project team.

Outcomes

This asset improvement scheme covers the refurbishment of the swimming pool changing area and the Health Suite at Clacton Leisure Centre. The following improvements will be made:

Swimming Pool Changing Area Refurbishment deliverables:

- Open plan unisex shower area
- Removal of existing tiled floor and replace with Altro flooring
- Replacement of cubicles
- Replacement of Lockers
- Lighting
- Updating toilet areas

Health Suite Refurbishment deliverables:

- Alteration to existing toilets to create two new small changing rooms
 - Replacement of suspended ceiling and grid
 - Replacement AHU and ducting
 - Creation of viewing section in partition wall between Health Suite and pool
 - Replacement of sauna
 - Removal of existing lift
 - Redesign of toilets in Lifestyles to prevent water leakage into the ceiling area of the health suite.
- What is to be achieved and by when?
- How would you monitor, report and record performance?

After the July Cabinet report allocating funds to this project was approved, a press release was issued to advise local people. Information has also been issued to customers with an update on the potential for refurbishment. A full communications plan including social media updates will be put in place throughout the duration of the project. This will keep residents and customers appraised on developments.

Other Financial/Non-Financial Outcomes

Achieves target payback periods by avoiding repair costs highlighted in finance section
Maintains membership at 1,331 by avoiding reputational damage from a deteriorating asset which is currently overpriced

Helps build into strategy of providing quality facilities at a reasonable price.

Increases swimming lesson offer to parents & baby's by offering up to 132 spaces for lessons

Ensures the sustainability of the asset in that repairs costs a kept within the existing facility repair budget and a sinking fund is provided to fund future capital investment to save the need for corporate investment.

Non-Financial Resources

Expertise for managing the project will be provided by the Sports Facilities Management Team, Financial Services and Building and Engineering Services. This will ensure there is cross service capacity for delivering the project, with the appropriate skill sets required.

Constitutional and Legal Powers

If approved, the contract will require procurement under the Council's contract procedure rules. This will involve appointing a main contractor with responsibility for completion of the works. The standard TDC contract will be used for form the agreement between the Council and the appointed contractor.

If this business case is approved, procurement and delivery of the project will be delegated to the Head of Sport and Leisure. The budget of £525,000 was allocated to this project in July, subject to approval of this business case. All procurement and project management will be subject to the Council's Constitution and Procurement Rules.

An internal project team from all the key appropriate services will be convened to oversee the management of this asset improvement scheme and regular briefings on progress will be provided to the Corporate Director for Operational Services and the Portfolio Holder for Leisure and Tourism.

The Request made for an allocation of budget in the July Cabinet Report 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.

The procurement of the contract will be undertaken in line with the Council's constitution under the authority of the Head of Sport and Leisure, if this business case is approved.

Is an impact assessment required? YES/NO
If yes please set out timetable for completing this

YES

An equality impact assessment has already been completed for this work and was assessed prior to any funding being allocated.

Are you planning on undertaking consultations?
YES/NO
If no please state the reason why; if yes please state who with and expected timetable

NO

This is an asset improvement scheme and there will be no fundamental changes to the layout of the building. This work is required to improve customer service, protect the Council's asset and decrease the costs associated with maintenance.

Appendix A - Tables to Support Finance Section

1. CLC Repairs Expenditure on the Spa/Wetside Area since 2014/15

| | Year | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| | 2014 /15 | 2015 /16 | 2016 /17 | 2017 /18 | 2018 /19 |
| Expenditure £000 | 8 | 37 | 24 | 31 | 47 |
| Percentage of Total Repairs Expenditure | 12% | 41% | 33% | 42% | 42% |

2. Parent & Baby Lessons in the Relaxation Pool

| | Year | | | | |
|--|-------------|-------------|-------------|-------------|-------------|
| | 2020/ 21 | 2021/ 22 | 2022 /23 | 2023 /24 | 2024/ 25 |
| Total Capacity for Lessons no. of spaces per session | 132 | 132 | 132 | 132 | 132 |
| No. of Sessions per Annum | 5 | 5 | 5 | 5 | 5 |
| Charge per space (10 lessons) £ | 45 | 45 | 45 | 45 | 45 |
| Estimated number of spaces taken up | 55 | 88 | 110 | 110 | 110 |
| Total Revenue p.a. £000 | 12 | 19 | 25 | 25 | 25 |
| Less: Cost of Instructor | -6 | -10 | -13 | -13 | -13 |
| Estimated Surplus | 6 | 9 | 12 | 12 | 12 |