

Project Management Scoping Document

Description of the Proposal/Concept

The purpose of this project is to fund 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 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 underpinned 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 Facility Strategy will build on this initial proposed investment to address the loss of income at the site (£47K in financial year 2018/19). 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 Sports Facilities will provide a quality offering at a reasonable price and each project will be evaluated to see if they can deliver a return on investment required by addressing the shortfall in income and then bringing in savings 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 project is considered to be the highest priority out of the 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. Completion of this project at the Council's flagship facility would ensure the foundations are applied before moving on to other priority projects. It is assumed that this project would protect the current income level from memberships of £522K. Upon this base other projects could be added to increase income above this level.

In addition to the project providing a platform for other projects to progress, it is also recognised that the project is of the highest priority simply because at this stage it demonstrates a higher return on investment than other projects given the known cost reductions and income generation potential. The actual return on this project is 8% compared to the current estimated ROI for works at the All Weather Pitch of 3%.

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 cost/benefit 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 can be found in table 1 in Appendix A of this Business Case. It reveals that expenditure has increased by £39K since financial year 2014/15 – an increase of 30% of total expenditure.

A major factor causing this increase in spend was the failure of the lift in 2015/16 which added £20K to costs has added £8-10K ever since in additional repairs. The lift has failed again early in 2019, so the higher repair cost of £20K would be expected 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 to a low level (£3-£4K per annum), but only for a short period of 3-4 years as the lifespan of a lift is shortened in a Spa area due to the extra humidity.

Another factor for the increase in costs has been roof repairs which were £10K in 2018/19 and are expected to increase to £15K in 2019/20.

A final contributor to additional costs is the need to keep the Spa at a temperature of 37 degrees. This has contributed to an increase in faults from the need to heat the Spa system – this has added £5K to costs since 2015/16. The project will remove these costs as it is planned 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 on £39K on the current level – this would be the year 1 benefit. This benefit is reduced in year 2 in comparison to the status quo option, i.e. continue a repair programme to alleviate extra costs for a year but see them return to be at the same level in year 3 (then decrease in 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 improvement works then over the remaining 8 years of the 10 year financial sustainability plan, which would equate to £536K of cost pressures avoided.

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 asset improvement works: Providing Parent and Baby swimming lessons in the new relaxation pool during daytimes. The findings are presented in table 2 of Appendix A of this business case.

The surpluses generated from Parent and Baby lessons could be put towards the savings strand of the 10 year financial strategy.

Based on the estimated savings table under this section, the project is expected to payback in 12.5 years with an average annual return on investment of 8%. This compares favourably with the current estimated return on investment from the All Weather Pitch project of 3% (the current cost

and revenue expectations of the All Weather Pitch are presented in table 3 Appendix A).

The project would cost £525K, it is intended to complete 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
Capital Receipt/Revenue		£000	£000	£000	£000	£000	£000
Revenue	Avoidance of premises repairs cost pressure	39	20	39	20	39	20
Revenue	Parent & Baby Swimming Lesson surpluses	6	9	12	12	12	12
TOTAL		45	29	51	32	51	32

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 is 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, including mechanical and electrical works.	2 – Failure to deliver key projects.
Reputational – failure to manage operational risks leads to negative publicity of the Council.	As per operational risks, this will be managed by the project board with input from the Communications Manager where appropriate.	3 - Reputational
Sensitivity of Parent & Baby Income to attendance levels decreasing – if capacity is at 50% then the surpluses in table 2 appendix A would reduce by £25K meaning that the project would payback 1.5 years later and the return on investment would reduce by 1%.	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 classes will need to be monitored post project to ensure the benefits of the surpluses 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 pool to make up the shortfall.	2 – Failure to deliver key projects.

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 enable the Leisure Centre to avoid recourse to Corporate Funds in future. To help ensure this, the Leisure Centre has a £60K building repair budget per annum, the centre is expected to be able to manage within this budget after the investment. Since 2016/17 Leisure Faculties have also set aside a £50K sinking fund per annum. This is to be used to fund the next major upgrade which is likely to be in 10 years.</p>	<p>Internal – Members officers</p> <p>Both – Users of the facility</p>	<p>General repairs costs within the existing budget of £8-10K per annum. Funding to be set aside for the end of the current lifecycle.</p>
<p>Positive – Underpins general principles of future strategy of providing quality facilities at a reasonable price and moving away from ‘private members club’ style memberships packages. Negative can no longer charge high end prices following improvement works.</p>	<p>Internal – Members and Officers</p> <p>Both – Users of the Facility</p>	<p>None – this element of the works is intended to protect the current level of memberships at £522K. The future pricing will determine extra cost/ revenue implications.</p>
<p>Positive – Carbon reductions from use of invertors for pool pumps, energy efficient lighting and reducing the temperature of the Spa pool. The reductions are 10,133 kgCO2/kWh of gas emissions and 5,295 kgCO2/kWh of electricity from the National Grid (the calculations can be found in Appendix A table 4).</p>	<p>Internal – Members/Officers</p> <p>External – Local environmental activists</p> <p>Both – Users of Facility</p>	<p>It is not anticipated that these measures will increase costs. They are expected to remain within existing budgets.</p>

Deliverability

The project is scheduled to commence at the end 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 Heath 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 tile 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 to prevent water leakage into the ceiling area of the Health Suite

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 apprised on developments.

Other Financial/Non-Financial Outcomes

- Achieves target return on investment over lifecycle of investment.
- Maintains memberships at 1,331 current members.
- Can be proven that future projects are underpinned by the project
- Swimming lesson offer is increased to public with Parent/Baby classes
- Asset sustainability can be proved by demonstrating that costs are within existing budgets and there is no recourse to corporate funds at the end of the assets lifecycle.
- Carbon Reduction targets met.

Non-Financial Resources

Expertise for managing the project will be provided by the Sports Facilities Management Team, Accountancy 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 to 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 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 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 Act if a decision is taken not to replace the lift.

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

Is an impact assessment required? YES/NO

YES

If yes please set out timetable for completing this

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?

NO

If no please state the reason why; if yes please state who with and expected timetable

This is an asset improvement scheme and there will be no fundamental changes to the layout of the building. There is therefore no legal requirement for consultation.

Appendix A – Tables Supporting Financial and Environmental Information Presented

1. CLC Repairs Expenditure on the Spa/Changing 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. £	12,375	19,800	24,750	24,750	24,750
Less: Cost of Instructor	-6,550	-10,480	-13,101	-13,101	-13,101
Estimated Surplus	5,825	9,320	11,649	11,649	11,649

3. Table 3 ROI on All Weather Pitch Upgrade

	£
Cost Estimate to install 3G Pitch	487,515
Expected Surplus	12,769
ROI	3%

4. Environmental Calculations

	Annual Reductions
Actions to Reduce Carbon Emissions from Electricity Use	Reduction in kWh
Invertors on pool plant	16,060
More energy efficient lighting	2,646
Total	18,706
Factor from DBIS 2018 to convert reduction to savings in KgCO ₂ /kWh	0.28307
Carbon Reduction (Reduction in Carbon output from National Grid) in KgCO₂/kWh	5,295
Actions to reduce Gas Carbon Emissions	Reduction in kWh
Drop temperature from 37 to 31 degrees in Spa Pool	55,081
Factor from DBIS 2018 to convert reduction to savings in KgCO ₂ /kWh	0.18396
Carbon Reduction in KgCO₂/kWh	10,133