

REPORT TITLE: OUTLINE BUSINESS CASE AND ASSOCIATED GOVERNANCE:  
SPORT AND LEISURE CENTRE

16 JANUARY 2018

REPORT OF PORTFOLIO HOLDER: HEALTH AND WELLBEING

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WARD(S): ALL

PURPOSE

Following determination of the facility mix by Cabinet on 13 November 2017, this report sets out the Outline Business Case, associated governance arrangements with key partners, and next steps.

RECOMMENDATIONS:

It is recommended that Cabinet (Leisure Centre) Committee:

1. Approves the Outline Business Case at Appendix A and agrees development work should continue to Full Business Case stage.
2. Delegates the submission of a planning application to the Head of Programme in consultation with the Portfolio Holder for Health and Wellbeing.
3. Notes the proposal that a contribution of £1m of Community Infrastructure Levy (CIL) funding will be sought.
4. Delegates the finalisation of terms of a Funding Agreement with the University of Winchester and The Pinder Trust to the Head of Programme in liaison with the Portfolio Holder for Health and Wellbeing and Head of Legal Services and authorises the Head of Legal Services to enter into the Funding Agreements.
5. Agrees the establishment of a Joint Advisory Board in respect of the Governance of the new Sport and Leisure Park with funding partners.

6. Agrees the proposed governance arrangements for the future management of the project and delegates finalisation of terms to Head of Programme in liaison with the Portfolio Holder for Health and Wellbeing and Head of Legal Services.

## IMPLICATIONS:

### 1 COUNCIL STRATEGY OUTCOME

- 1.1 This project supports the Health and Happiness outcome of the Council strategy through the intention to increase access to leisure and sports facilities to improve the health of the district.

### 2 FINANCIAL IMPLICATIONS

- 2.1 The Council's Medium Term Financial Strategy is forecasting a budget shortfall of £4.5 million over the next 4 years. The proposed new Sport and Leisure Centre would increase the budget shortfall in the short term; however, in future years there is an overall positive net financial impact on the General Fund compared to the existing revenue costs.
- 2.2 All of the main scenarios for building a new Sport and Leisure Centre show a better financial position than trying to keep the existing leisure centre operational for a further 40 years. Borrowing costs have been taken into account in the financial appraisal.
- 2.3 The detailed financial implications of the proposed Sport and Leisure Centre are set out in Section 11 below and in Exempt Appendix A.
- 2.4 Members are aware that at the Cabinet Meeting of 13 November it was agreed to progress to RIBA Stage 3, pending approval of the business case. The project is currently operating within the overall fee budget but there has been more intensive work at RIBA Stage 2 than usually expected. Additional work has been undertaken in terms of agreeing and modifying the facility mix and associated building size together with survey costs for assessing the ground conditions, visual impact, flooding issues and drainage.
- 2.5 Following a review of recent procurements on the project and some of the works already commissioned, the overall fee budget for the project requires re-profiling. There is no overall request for an increase to cost of the scheme fees.
- 2.6 Work will progress within existing budgets and it is proposed to utilise some of the capital budget to complete RIBA Stage 3 including the preparation and submission of a planning application. This request will be included as part of the Capital Strategy report to be considered by Council in February 2018.

### 3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 It is necessary to agree Heads of Terms and a funding agreement with the University of Winchester (UoW) to ensure that all parties are clear on conditions related to the funding. Initial discussions have taken place with the UoW and draft head of terms are currently being drawn up.

- 3.2 A similar informal discussion to agree terms for a funding agreement has been held with The Pinder Trust and an outline agreement is in preparation.
- 3.3 It is necessary to agree the governance process of the new Sport and Leisure Park in order to incorporate funding partners ongoing participation and align this with the Council's decision making processes. The proposed outline governance arrangement is set out in Exempt Appendix B.

#### 4 WORKFORCE IMPLICATIONS

- 4.1 The staffing requirements for this development project are continually reviewed to ensure effective and timely project delivery. The nature and complexity of the project is very demanding and extra resources are being considered particularly in relation to the legal aspects of the project which require an overview from a senior officer.

#### 5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 The existing River Park Leisure Centre (RPLC) needs to be maintained in good order until such time as a new Sport and Leisure Centre can be delivered and opened. Any delays to the timetable for the delivery of a new Centre may lead to increased maintenance costs. The Council's estates team is actively monitoring the condition of RPLC and undertaking any required works in the intervening period.

#### 6 CONSULTATION AND COMMUNICATION

- 6.1 The development of the Outline Business Case has been lead by RPT Consulting and there has been opportunity for the funding partners to be engaged in that process.
- 6.2 Following finalisation of the facilities mix at Cabinet on 13 November a further series of engagement sessions have taken place. Although not yet fully analysed, initial feedback is provided on the Project Update paper.
- 6.3 The Outline Business Case was considered at the Overview and Scrutiny Committee meeting on 20 November 2017, an extract of the full minutes relevant to this paper are attached at Appendix D.
- 6.4 The Committee agreed to provide the following comments to Cabinet (Leisure Centre) Committee:
- (i) That the Committee all agree that provision of a new leisure centre is to be welcomed;
  - (ii) That the Committee would welcome further investment in sports provision throughout the wider district.
- 6.5 The Leader of the Council announced her intention to investigate further investment in sports facilities across the district at Council on 21 November

2017. The proposal to build a four court sports hall outside of the City of Winchester is detailed on the Project Update report elsewhere on this agenda

## 7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 One of the key objectives of the project is to deliver an EPC Grade A rating. The project will continue to be assessed against the BREEAM accreditation process.
- 7.2 Parking and transport issues are a key consideration for the project and this is subject to a specific work stream and engagement with Hampshire County Council as highway and transport authority.
- 7.3 An advisory panel is proposed in the update report elsewhere on this agenda in relation to sustainability issues and the environmental impact of the building.

## 8 EQUALITY IMPACT ASSESSMENT

- 8.1 This is being undertaken as part of the detailed design and engagement work.

## 9 RISK MANAGEMENT

- 9.1 The Project has a separate risk register which is managed by the Project Manager. This report considers matters linked to risks associated around achieving a satisfactory Business Case.
- 9.2 Key risks include:
- there is a risk that operators do not submit an annual contract management fee, through the procurement process, which matches what has been included in the Outline Business Case. The Outline Business Case process is a modelling exercise based on a range of assumptions which are tested against known market conditions. The outcome of the forthcoming procurement exercise will provide the actual figure which will be included in the Full Business Case.
  - managing the design against aspirations to ensure that it remains affordable whilst ensuring that the scheme meets the needs of the District's residents.
  - the procurement of a contractor and an operator are key risks and these were fully considered in November as part of the approval of the respective procurement strategies. It is important that these processes are carefully managed on an ongoing basis.

- careful design and consideration of technical information to ensure that the design going forward is robust and does not have unacceptable impacts on the local environment and nearby residents.
- the planning process is a key risk however this will be managed through thorough and inclusive engagement of all key stakeholders and careful consideration of identified issues.

9.3 The main risk consideration of this report relates to achieving a satisfactory Outline Business Case. The risks are greater in number and more complex because of the requirement to ensure that there is sufficient income from the facility to deliver a viable proposal whilst delivering a new centre which meets the needs and aspirations of users and sports groups, and which is acceptable to local residents and statutory bodies.

9.4 There are also other important risks and impacts related to the lifespan of the existing River Park Leisure Centre (RPLC). These include the ongoing condition assessment and associated costs of required works in order to ensure that it remains safe and functional, along with the cost of heating and lighting an inefficient centre and the resultant environmental impact this has. The longer that the new Sport and Leisure Centre is delayed means that these risks and impacts will increase in terms of cost and reputation for the Council and residents.

## 10 SUPPORTING INFORMATION

10.1 Following the approval of the agreed facility mix for the new Sport and Leisure Centre at Cabinet on 13 November 2017, RPT Consulting has finalised the financial model for the Outline Business Case as set out below and in Exempt Appendix A.

10.2 The Outline Business Case tests the development of a new Sport and Leisure Centre at Bar End for which current estimates are for a total capital investment of £37.5 million (plus 30.5m for equipment), of which £8 million is anticipated to be funded through partners and the remainder funded by the council.

10.3 If approved the design team will then be able to complete the RIBA Stage 3 design; to seek planning approval and seek through competitive tendering a cost for construction and management operation. This will feed into the Full Business Case which will then come back for approval before progressing to the implementation stage.

10.4 The Outline Business Case has adopted the HM Treasury “Five Case Model”. The approved format is the Five Case Model, which comprises the following key components:

- The **strategic case** section. This sets out the strategic context and the case for change, together with the supporting investment objectives for the scheme.

- The **economic case** section. This demonstrates that the organisation has selected the choice for investment which best meets the existing and future needs of the service and optimises value for money (VFM).
- The **commercial case** section. This outlines the content and structure of the proposed deal.
- The **financial case** section. This confirms funding arrangements and affordability and explains any impact on the balance sheet of the organisation.
- The **management case** section. This demonstrates that the scheme is achievable and can be delivered successfully to cost, time and quality.

10.5 The purpose of the Outline Business Case is to consider the viability of the project against the project objectives based on all the information to date and to determine whether the new Sport and Leisure Centre is financially viable.

### **Meeting the Strategic Objectives:**

**Objective 1:** To provide accessible public sport and leisure facilities to improve the health and happiness of the District's residents.

#### *Delivered through*

- A programme of activities to improve the health, fitness and wellbeing of the residents of the district
- A facility that can meet the existing demand and to meet projected population growth. An accessible location for the wider District's residents as well as for town residents
- Providing a wider park setting which combines both leisure activity opportunity together with competition sports
- Providing integration with specialist facilities such as the Sports Stadium, the hydrotherapy centre and treatment rooms
- Providing a high standard fully Sport England compliant facility allowing many different sports and leisure activities to take place
- Allowing for much greater participation in water based activities including learning to swim, training, gaining confidence, hydrotherapy and specialist areas such as triathlon training many of which can take place at the same time due to the flexible design of the water areas and facilities.
- To allow for regional swimming events
- Providing a wide range of facilities for those who have disabilities
- Providing a full range of accessible facilities and events for young people linked to school and college activities.

**Objective 2:** To increase participation in sport and active recreation.

#### *Delivered through*

- Provision of opportunities for people to reach their full potential in their chosen sport and leisure activity

- Improvement in the wellbeing of the local community through access to high quality sport and leisure facilities and foster partnerships with health organisations to achieve health outcomes
- Provision of a centre of sport excellence encouraging wider participation in many sporting activities
- Provision of a regional centre for water facilities, for sport, leisure and aquatic therapy
- Seeking to maximise the benefits from the existing facilities on the site including athletics and boxing
- Provision of additional capacity for school based activities

### **Comment**

- 10.6 The Outline Business Case by its nature focusses on the economic aspects of the proposed development and it is important for the Council to be sure at this critical point in the project that this is the correct investment decision. In recognising that the Garrison Ground and King George V playing fields at Bar End already provides for sport and leisure use the Council is considering the use of this space as a whole through an Urban Design Framework. The new Sport and Leisure Centre forms part of the longer term vision for a Winchester Sport and Leisure Park.
- 10.7 Partnership working is essential to the delivery of this bold and ambitious development. The University of Winchester is a key partner, making a significant capital investment to the project. The Pinder Trust is similarly making a significant capital contribution towards the delivery of an integrated hydrotherapy centre.
- 10.8 Extensive engagement has taken place with local clubs and residents who will benefit from this new major public sport and leisure facility in Winchester which firmly supports the Council Strategy objective to promote health and happiness and other aspirations in relation to being a Lower Carbon Council.
- 10.9 The unique aspects of the Winchester Sport and Leisure Park Project focus around the provision of a modern leisure facility with a 50 m pool which maximises the flexibility of water space for different water leisure uses and creates a facility for future use. This focus on water differentiates this facility from others in the near geography. An integrated hydrotherapy facility adds a special element to the centre enabling a range of therapeutic services to be offered in this community facility.
- 10.10 This facility is coupled with the University of Winchester Sports Stadium and Artificial Playing Pitch along with open space and existing playing pitches. This combination of a modern centre in a Sport and Leisure Park setting provides for a compelling blend of facilities for residents of the district for both leisure and more competitive sporting activities.



**Objective 3:** To improve the quality and energy efficiency of Winchester's main leisure facility.

*Delivered through*

- A building with an EPC Grade A rating and BREEAM assessment
- Providing significantly less CO2 emissions than the existing Leisure Centre
- Assessing the scheme against the BREEAM accreditation system

### **Comment**

10.11 This is a key consideration and is integral to the design work. Setting this objective at the start of the project has allowed this to be designed in from the outset. The appointed mechanical and electrical specialists along with the BREEAM consultant have been set the challenge of meeting these objectives, led by the lead designer, and within the context of an affordable budget.

**Outline Business Case objective:** To provide a Sport and Leisure Centre that meets the Council's financial requirements.

*Delivered through*

- The centre is affordable and self-financing over the life of the asset.

Leading up to the approval of the facility mix in November a great deal of assessment and technical work was undertaken to bring forward a facility mix which:

- I. Supports the project objectives
- II. Meets assessed demand
- III. Reflects Sport England and Governing Bodies guidance
- IV. Provides a good balance of community and sporting facilities and which delivers a projected amount of income to support the ongoing costs of running and delivering the new centre.

10.12 Based on the facility mix agreed on 13 November, the capital costs of the proposed new leisure centre are £37.5 million, of which £7 million is likely to be funded by partner organisations, leaving the remainder to be funded by the Council. It is proposed that £1 million is funded by Community Infrastructure Levy (CIL) and around £30 million through prudential borrowing at an estimated annual cost of circa £1.2 million, based on current rates. Borrowing costs have been taken into account in the financial appraisal.

10.13 The Financial Case concludes that building a new Sport and Leisure Centre on a like-for-like basis will result in a net financial cost of £29.3 million over the 40 year life of the leisure centre; however by exploring the two

combination scenarios, set out below, the net financial cost can be significantly improved. Meetings will be arranged with clubs which may be impacted prior to any decisions being made:

- a) Combination 1 – Market pricing and no club discounts results in a net cost of £8.3 million over the life of the leisure centre.
- b) Combination 2 – Market pricing, no club discounts and swimming lessons run by the operator results in a net cost of £1.8 million over the life of the leisure centre.

10.14 Therefore the financial appraisal in the Outline Business Case indicates that there would be a net cost of a minimum of £1.8 million over the 40 year life of the proposed new leisure centre, depending on which scenario is chosen to be taken forward. This includes funding the capital financing costs.

10.15 Although the proposed new leisure centre does not provide the Council with an overall financial return in its own right, the combination scenarios produce a positive net impact on the General Fund, ranging from £11.1 million to £17.6 million over the life of the proposed new Sport and Leisure Centre, when compared to the revenue costs of the existing leisure centre. Therefore, it is proposed to explore the combination scenarios during the procurement of the operator and the development of a Full Business Case to identify the best approach for the council.

10.16 All of the main scenarios for building a new leisure centre result in a better financial position than trying to keep the existing leisure centre operational for a further 40 years.

10.17 The Council's Medium Term Financial Strategy is forecasting a budget deficit of £4.5 million over the next four years. The proposed new Sport and Leisure Centre would add further increases to this deficit, in the short term, but in later years would have positive impact on the General Fund compared to existing revenue costs.

## **Other Funding Sources**

### **Community Infrastructure Levy**

10.18 The Council collects contributions from developers through Community Infrastructure Levy (CIL) and the amounts due are calculated using the Council's approved charging schedule. The protocol for allocating CIL funds was agreed by Cabinet in June 2016 (CAB2807) and includes the development of a rolling 3 year programme of schemes (CAB2962 September 2017 refers).

10.19 The agreed protocol prioritises strategic infrastructure schemes which help to deliver the growth set out in the Council's development plan (local planning policies) and its other strategies (including sport and leisure facilities) as well as supporting sustainable communities (social, environmental and economic)

and addressing the impact of proposals beyond that which can be secured by planning obligations for individual development schemes.

- 10.20 The Council has a CIL Regulation 123 list (R123 List) which specifies projects or types of infrastructure which the Council intends will be, or may be, funded fully or partly by CIL contributions. In order to provide infrastructure which meets the broad aims of the spending protocol referred to above priority is given to schemes which are consistent with the R123 List and Infrastructure Delivery Plan (IDP) The R123 List includes 'Built facilities indoor sport and recreational facilities comprising: provision of facilities to address deficiencies in indoor and built sports, recreation or leisure facilities in accordance with LPP1 Policy CP7; particularly those identified in the WCC Built Facilities Study'. The timing associated with bringing forward a specific proposal for a leisure facility at a site in Bar End, relative to the development plan process, mean that it was not referred to in the Infrastructure Delivery Plan.
- 10.21 Nevertheless the provision of leisure facilities in the district has been a matter that the Council has been considering for several years, and, for the reasons set out elsewhere in various Committee Reports and this Outline Business Case, the construction of a new Sport and Leisure Centre on the Garrison Ground has been determined as the best way for the Council to achieve their objectives for this. A contribution of £1m towards the Sport and Leisure Park project from CIL funding would help enable some of the enabling works to be provided including the access point onto the public highway, other access improvements for pedestrians and cyclists and drainage connections and enhancements to public foul and surface water systems.
- 10.22 It is considered therefore that using CIL to part fund an important leisure development which will offer new and improved facilities not just for Winchester, but the wider district, is an appropriate use of this income stream which aligns with the objectives of the spending protocol. A new sports and leisure centre will help to meet increasing demand for these types of facilities relating to the district's rising population associated with the level of growth set out in the adopted Local Plan which includes 4000 new homes for the city as well as additional housing in the market towns and villages. A contribution of £1m capital from CIL would mean that, on the net impact on the General Fund over the life of the asset, the scheme would be closer to breakeven. It is proposed to include £1m from CIL in the Outline Business Case, but as with all funding sources, this will be clarified through the period to the Final Business Case.

### **Partner funding**

#### **University of Winchester**

- 10.23 The University of Winchester (UoW) are a key partner investing £6 million capital into the project and placing their Sports Stadium and Artificial Playing Pitch into the partnership.

- 10.24 In return for their investment the University has requested to ensure that their branding is included in the new Sport and Leisure Centre. The University also have some terms in relation to usage which are currently being discussed. The main assumptions from these have been tested in the Outline Business Case and they will be finalised and included within a Funding Agreement.

### **Pinder Trust**

- 10.25 The Pinder Trust is a key partner investing at least £1m into the delivery of a hydrotherapy pool to allow access to treatment. The Pinder Trust is a grant giving charity established by the late Margaret Pinder and is devoted to supporting provision for hydrotherapy and physiotherapy.
- 10.26 The Pinder Trust has appointed a clinical physiotherapist, specialising in aquatic therapy, to help inform the design of the hydrotherapy suite. The Sports Consultancy has worked with local aquatic therapists to develop a financial appraisal of the hydrotherapy suite. The Pinder Trust and their consultant will also help to inform the specification for the management operator.
- 10.27 In order to secure this funding the council will enter a funding agreement with the Pinder Trust. This agreement will allow the council to secure the financial contribution and for The Pinder Trust to be clear of the basis on which the money is being given.

### **Hampshire County Council**

- 10.28 The County Council has various land interests on the wider site and negotiations are underway to establish whether the County Council wish to include any land in the development of the Sport and Leisure Park. These negotiations will continue and are not time critical to decisions required in this paper.
- 10.29 The County Council is also considering a capital investment in the project in relation to the establishment of a Hampshire Institute of Sport.

### **Ministry of Defence**

- 10.30 A meeting has been held with the Ministry of Defence (MoD) to update them on the progress of the project. Although they continue to be very supportive of the project, it is understood there is unlikely to be scope for capital funding but this has yet to be confirmed. There is the basis however of further enhancing the local relationship the Council already has with the MoD in relation to use of the facilities. This will continue to be explored and is not time critical to decisions required in this paper.

## 11 GOVERNANCE ARRANGEMENTS

- 11.1 In order to deliver the project a core project team is in place to manage the project under the leadership of the Head of Programme who reports to the Director of Place as project sponsor and Portfolio Holder for Health and Wellbeing. The Cabinet (Leisure Centre) Committee has been established to help guide the project and to make key decisions.
- 11.2 However, in due course it will be essential to create a governance structure that enables our investment partners to participate in the development of the project. A proposed Governance Structure is set out in Exempt Appendix B. This arrangement will allow the Council, University of Winchester and The Pinder Trust to work together to deliver and manage a new Sport and Leisure Park. This includes the establishment of an Advisory Board as set out below.
- 11.3 Due to the level of investment being provided a funding agreement based on a shared vision for the project will be developed with the University. A similar agreement will also be developed with The Pinder Trust to ensure that both parties are in agreement with the conditions and requirements of the funding.
- 11.4 These governance arrangements and agreements propose that a Leisure Centre Joint Advisory Board, the terms of reference for which are attached at Exempt Appendix C, is established. Once the centre is operational the Board will have day to day oversight of the contract and will give their advice and make their recommendations to the Cabinet (Leisure Centre) Committee for determination of required actions.

## 12 NEXT STEPS

- 12.1 Once the Outline Business Case is approved the Council will continue to strive in partnership to deliver the project in line with the milestones set out below. The Council will progress to RIBA stage 3 with the aim of having a Full Business Case prepared by Winter 2018.
- 12.2 The Council will seek to submit a planning application by early summer 2018 and it is recommended that the submission of this application be delegated to the Head of Programme in consultation with the Portfolio Holder for Health and Wellbeing.
- 12.3 The Gateways for this project are set out in the table below.

<b>Gateway</b>	<b>RIBA Stage</b>	<b>Evidence required (what will we know)</b>
1. Strategic Outline Case	End of RIBA Stage 1	In September 2015 Cabinet was provided with a financial assessment of shortlisted options. At this stage Cabinet decided the preferred option, if feasible was to build at Bar End.

2: Outline Business Case (Q4 2017)	End of RIBA Stage 2	Estimated capital costs (CAPEX) Operating income estimate <i>(both based on Concept Design)</i>
3: Full Business Case (Q1 2019)	End of RIBA Stage 4	Generated capital costs (CAPEX) Operating income <i>(both obtained by a procurement process)</i>

### 13 OTHER OPTIONS CONSIDERED AND REJECTED

- 13.1 The Council could chose not to adopt the Outline Business Case. Any delay would have significant cost implications. Should the Council not proceed with the Outline Business Case then it is unlikely that the project can continue on the agreed timeline.

Cost implications of delay external consultants and design team	£30K per month
Inflation costs on total project costs	£93K per month

### 14 CONCLUSION

- 14.1 The Sport and Leisure Centre project is at an important decision stage. The facility mix has been agreed and shown as viable within the Outline Business Case. It is for Cabinet to consider whether to progress with this project at this time.

#### BACKGROUND DOCUMENTS:-

##### Previous Committee Reports:-

CAB2951(LC) - 17 JULY 2017

CABINET (LEISURE CENTRE) COMMITTEE - 12 June 2017

CAB2910 – 20 March 2017 Bar End Sport and Leisure Park Project Update

PHD Notice 710 September 16 Leisure Centre Replacement Project Management Consultancy Support

CAB2820 – 5 July 2016 Leisure Centre Replacement Project

CAB2798 – 29 March 2016 Leisure Centre Replacement Project

CAB2708 – 9 September 2015 Options for River Park Leisure Centre

CAB2970 – 13 November 2017 Sport and Leisure Park Project – Update on Facility Mix

CAB2972 -13 November 2017 Sport and Leisure Park Project – Procurement

Other Background Documents:-

None

APPENDICES:

- Exempt Appendix A – Outline Business Case
- Exempt Appendix B – Governance Arrangements
- Exempt Appendix C – Joint Advisory Board Heads of Terms
- Appendix D - Minute extract from The Overview & Scrutiny Committee held 20 November 2017

Minute Extract from The Overview and Scrutiny Committee held 20 November 2017

1. **OUTLINE BUSINESS CASE AND ASSOCIATED GOVERNANCE SPORT AND LEISURE CENTRE (LESS EXEMPT APPENDICES)**

(Report OS186 refers)

The Committee noted that the Report had not been made available within the statutory deadline as its publication was delayed to take account of the related decision at Cabinet on 13 November 2017. The Chairman agreed to accept the item onto the agenda as a matter requiring urgent consideration in order to prevent delay to the project.

As a point of clarification, Councillor Stallard stated that although she was a Hampshire County Council Cabinet Member she had not taken part in any discussions regarding the various County Council land interests referred to in the report. As a County Councillor, Councillor Todd also confirmed that he had not taken part in any discussions regarding this matter.

The Committee received a presentation from Robin Thompson (RTC) who had lead development of the outline business case (OBC). The OBC had adopted the HM Treasury “Five Case Model”. As a result of the options analysis, two options had been shortlisted:

- Option 1 – Base Case: “do minimum” topic includes capital investment to maintain existing River Park Leisure Centre (RPLC) facility but no investment in refurbishment;
- Option 2 – New Facility at Bar End: based on the facility mix approved (including a 50m pool and 8 court sports hall).

Mr Thompson provided a summary of the financial case for both options:

- if continued expenditure on RPLC, estimated cost of £19.4m over 40 years. If investment was made in RPLC, costs would increase to £20.8m over same period;
- If Option 2 (new build) estimated savings of up to £17.6m over 40 years, with a minimum total cost to the Council (over and above what would have been required under Option 1) of £1.8m.

Consequently, Option 2 was recommended in terms of providing an improved financial position for the Council and also delivery of the Council’s long term objectives.

Patrick Davies spoke during public participation and, in summary, requested clarification on progress with an Urban Design Framework (UDF) and the reasoning for exclusion of the Bar End depot site. He also requested clarification of the implications of the various County Council land interests in the area (as referred to at paragraph 10.28 of the Report). Finally, he queried why the traffic implications for Chesil Street and Bar End Road were not included at this stage.



Councillor Ashton stated that preparation of the UDF was running in parallel to proposals for the new centre itself and the next stage of presentations on the UDF would take place on 8 December 2017. He confirmed that the depot site was included within the UDF consultation and local residents' etc comments were taken on board. Councillor Griffiths confirmed that the County Council land interest would also be included within the UDF consultation.

At the invitation of the Chairman, Councillors Gottlieb and Laming addressed the Committee regarding this Report and their comments are summarised below.

Councillor Gottlieb believed that the Cabinet decision to reduce the size of the sports hall from 12 to 8 courts was misguided as it would not adequately accommodate existing clubs demand or provide for future growth. He considered that the decision to focus on provision of a 50m pool to the detriment of other facilities effectively changed the decision made in 2016. He emphasised that his views were shared by the other non-Cabinet invitees to the Cabinet (Leisure Centre) Committee. In summary, Councillor Gottlieb requested that the Committee's comments to Cabinet include a note about dissatisfaction with the decision making process to date; the facility mix should include 12 court sports hall provision; and a thorough review of strategy should be carried out.

Councillor Laming agreed that the decision to change to provision of an 8 court sports hall was flawed and disputed that adequate data or a working model had been provided. He believed providing 12 courts (compared to 8 courts) would cost an extra £2m over a 40 year period which could be accommodated within the scheme costs. He also considered both pools should be located closer together to improve efficiency and that a different 'boom' setup was pursued.

Councillor Griffiths highlighted that since the concerns raised at the previous Committee meeting on 9 October 2017, Sport England had undertaken a full review of the analysis of existing alternative facilities and a Report on this matter had been considered at Cabinet on 13 November 2017 where the decision on the facility mix had been approved.

During discussion of the Report, whilst there was agreement that a new leisure centre should be provided, some Members raised concerns about the risk of a growing dissatisfaction amongst some Councillors regarding the decision to provide an 8 court sports hall.

In response, Councillor Ashton reiterated that data had been provided to the Cabinet meeting on 13 November 2017 (where the decision on facility mix had been taken) which supported the decision taken. He also emphasised the amount of time and work that had gone into progressing the project to this stage.

During questions on the Report, number of points were raised and responded to accordingly, as summarised below:

- (i) Mr Thompson advised that the decision to include 200 gym stations was based on an analysis of future and current demand (including use by the University);
- (ii) Councillor Griffiths confirmed that regard would be had to existing agreements with the University of Winchester in formulating new partnership agreements. Parking and transport issues would be considered as part of the Movement Strategy and she would provide further details about the likely timescale.
- (iii) Councillor Griffiths stated that the existing RPLC would not be able to continue to operate for much longer without investment.
- (iv) The Strategic Director: Resources advised that the proposed 1% life cycle cost was important in ensuring a new centre remained profitable over a 40 year period.
- (v) Councillors Ashton and Griffiths stated that the intention was that the new facility would pay for itself so there was no negative impact on the General Fund overall. Councillor Ashton confirmed that the impact of potential increases in interest rates had been factored in.
- (vi) Councillor Ashton stated that the likely cost per swim had not yet been determined. Mr Thompson advised that the OBC had been prepared using existing prices and also scenarios based on an 15% uplift. However, actual price level would be determined as part of the full business case. Similarly, the length of the operating contract had not yet been determined, but contracts were typically let for between 10 and 30 years.

During debate, some Members expressed dissatisfaction about the decision to include an 8 court sport hall rather than 12 court and suggested that Cabinet refer this matter to full Council. It was suggestions that the decision to include a 50m pool that had led to this change in court provision. However, other Members emphasised that specialist advice had been received advising that the proposed court provision was sufficient.

The Committee agreed to decide on what comments it wished to make to Cabinet following consideration of the exempt appendices of the Report (detail in minute below).

## 2. **EXEMPT BUSINESS**

### RESOLVED:

1. That in all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
2. That the public be excluded from the meeting during the consideration of the following items of business because it is likely that, if members of the public were present, there would be disclosure to them of 'exempt information' as defined by Section 100I and Schedule 12A to the Local Government Act 1972.

<u>Minute Number</u>	<u>Item</u>	<u>Description of Exempt Information</u>
##	Exempt Minute of the previous meeting	) Information relating to the financial or business affairs
##	Outline Business Case & Associated Governance: Sport & Leisure Centre (exempt appendices)	) of any particular person (including the authority holding that information). (Para 3 Schedule 12A refers)

3. **OUTLINE BUSINESS CASE AND ASSOCIATED GOVERNANCE: SPORT AND LEISURE CENTRE (EXEMPT APPENDICES)**

(Report OS186 refers)

With the agreement of the Committee, the Chairman invited Mr Robin Thompson (RTC), Mr John Hunt and Mr Sean Clark (MACE) and Mr Justin Ridgmont (Winchester University) to remain during the exempt discussion as they had been involved in preparation of the information contained in the exempt appendices.

At the invitation of the Chairman, Councillors Laming and Gottlieb addressed the Committee and their comments are summarised below.

Councillor Laming disputed the financial model used and believed it did not take account of local requirements and aspirations. He also queried whether Sport England had the necessary resources to provide the information requested. He highlighted facilities at Norwich and had contacted Councillors requesting that Norwich and Portsmouth facilities be investigated further before a decision was taken.

Councillor Gottlieb reiterated comments made earlier about lack of strategy and also believed that not all Leisure Committee Members had seen the Report. He considered that the estimated difference in cost between 12 court facility and 8 court should be regarded in the context of provision of a 50m pool.

Councillor Ashton explained that he had provided the estimated £2m figure referred to above by Councillors Gottlieb and Laming based on information provided by RTP and MACE. However, as previously discussed at this Committee on 9 October and Cabinet on 13 November, in addition to financial considerations, there were a number of other reasons why the decision had been taken to provide 8 courts, rather than 12. These included the fact that all sports could still be accommodated with 8 courts, the Sport England estimation that there was currently excess capacity equivalent to over 14 courts, and the consideration of peak hour use. He stated the additional capital cost of providing an additional 4 courts was estimated at £2.5m.

Whilst it might be possible in the future to increase court provision if evidence warranted this, it would be very difficult to increase the size of a swimming pool at a later date.

The Chairman emphasised that the Sport England assessment was that there would be a surplus of water space provision if a 50m pool was provided. In addition, the decision taken by Council on 20 July 2016 referred to provision of 12 courts.

Some Members emphasised the number of new housing developments which would be built across the district and queried whether additional court provision could be provided at locations other than Bar End. Councillor Griffiths stated that the Sport England research considered access to facilities across the district and a new Sports Strategy would be based on this which would be available at some point during 2018.

One Members expressed concern about whether the current system of invited representatives to Cabinet Committees was working effectively and queried whether a different approach, such as a Leisure Centre Informal Scrutiny Group be more appropriate.

During discussion of the Report, the Committee asked a number of detailed questions which were responded to accordingly, as summarised below:

- (i) Councillors Ashton and Griffiths confirmed that, as stated above, further investigations into existing sports hall provision had been undertaken following concerns raised at the previous Committee meeting. This had concluded there remained a surplus provision of 14.6 courts and had taken account of future population growth.
- (ii) The Strategic Director: Resources confirmed that various sensitivity analysis had been undertaken, as outlined on Pages 42 and 43 of Appendix A to the report.

At the conclusion of debate, the Committee resolved to make the recommendations to Cabinet as outlined in the open minute above. Although some Members also expressed concern about the decision to change the facility mix (to include 8 courts as opposed to 12) this was not supported by the majority of Members present.

In reaching the resolution below, the Committee had regard to the discussions held on the open section of the Report and during exempt session.

**RESOLVED:**

That the Committee provides the following comments to Cabinet (Leisure Centre) Committee:

- (i) That the Committee all agree that provision of a new leisure centre is to be welcomed;

- (ii) That the Committee would welcome further investment in sports provision throughout the wider district.