

## Financial Appraisal

Once the new Winchester Sport & Leisure Park is complete, the following options have been considered for the existing leisure centre at River Park:

- 1 - Retain and keep open - for facilities such as changing rooms, toilets and café
- 2 - Decommission and secure
- 3 - Decommission, soft strip and secure
- 4 - Demolish and clear site

Option 1 has a much lower capital cost but would require ongoing maintenance of the building, business rates, and a significant staffing cost. Keeping it open would allow the continued provision of a café; it is unknown at this stage whether a café in this location without the leisure centre would be profitable but it is anticipated that any profit/loss would be marginal and therefore a breakeven position has been assumed for the financial appraisal.

Option 2 incurs some capital cost in provision of temporary toilets, the removal of the outside staircases, and securing the site. Significant ongoing maintenance costs will no longer be required but there would be the annual cost of securing the site as well as a significant business rates cost following the 3 month period of empty property relief.

Option 3 includes the same capital costs above with the addition of the cost of soft-stripping. It is anticipated that this would allow the property to be removed from the ratings list providing considerable savings on business rates. There remains a small risk that the council would be unsuccessful in removing the property from the VO business rates list but this is considered unlikely.

Option 4 has no associated ongoing costs other than cleaning the temporary toilets but the capital cost of demolition would be significant.

The following table details the impact by financial year of each of the four options (NB the actual timing will depend on the opening date of the Winchester Sport & Leisure Park) as well as the cumulative impact.

By the end of year 2, the cumulative cost of **option 3** (decommission, soft strip and secure) is the lowest and therefore from a financial perspective is the **recommended option**.

Capital & revenue costs					
	2021/22	2022/23	2023/24	2024/25	
	Yr 1	Yr 2	Yr 3	Yr 4	
£000	£000	£000	£000	£000	£000
<b>Option 1 - Retain and keep open - for facilities such as changing rooms, toilets and café</b>					
Capital (funded by capital receipts)	75				
Revenue (impact on the general fund budget)		390	390	390	390
<b>Total cost</b>	<b>75</b>	<b>390</b>	<b>390</b>	<b>390</b>	<b>390</b>
<b>Cumulative cost</b>	<b>75</b>	<b>465</b>	<b>855</b>	<b>1,245</b>	<b>1,635</b>
<b>Option 2 - Decommission and secure</b>					
Capital (funded by capital receipts)	194				
Revenue (impact on the general fund budget)		196	196	196	196
<b>Total cost</b>	<b>194</b>	<b>196</b>	<b>196</b>	<b>196</b>	<b>196</b>
<b>Cumulative cost</b>	<b>194</b>	<b>390</b>	<b>586</b>	<b>782</b>	<b>978</b>
<b>Option 3 - Decommission, soft strip and secure</b>					
Capital (funded by capital receipts)	410				
Revenue (impact on the general fund budget)		60	60	60	60
<b>Total cost</b>	<b>410</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>
<b>Cumulative cost</b>	<b>410</b>	<b>470</b>	<b>530</b>	<b>590</b>	<b>650</b>
<b>Option 4 - Demolish and clear site</b>					
Capital (funded by capital receipts)	1,187				
Revenue (impact on the general fund budget)		12	12	12	12
<b>Total cost</b>	<b>1,187</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>
<b>Cumulative cost</b>	<b>1,187</b>	<b>1,199</b>	<b>1,211</b>	<b>1,223</b>	<b>1,235</b>

### Cost estimates

		Option 1	Option 2	Option 3	Option 4
Comments		£000	£000	£000	£000
<b>Capital</b>					
Temporary toilets	Modular steel cabin	-	23	23	23
Asbestos:					
- Survey		-	5	5	5
- Removal if reqd	Estimate of maximum cost	-	10	20	100
Internal soft strip (removal of staircase only in option 2)	Includes an additional 20% in costs to allow more environmentally friendly works	-	15	184	-
Demolition & planning fees		-	-	-	679
Secure site including CCTV installation		-	37	37	-
Utilities		75	75	75	75
Preliminaries, professional fees and contingency		-	29	66	305
<b>Total capital</b>		<b>75</b>	<b>194</b>	<b>410</b>	<b>1,187</b>
<b>Revenue (per annum)</b>					
Toilets cleaning	Extension to existing contract	-	12	12	12
Security – ongoing costs	Hire and monitoring of CCTV	-	18	18	-
Building maintenance - up to	Options 2 & 3 covered by existing maintenance budgets	100	20	20	-
Building inspections		10	10	10	-
Business rates (net)	Allowing for 20% business rates retention	136	136	-	-
Staff costs – 6* FTE	Excludes café. Provide security and cleaning; 2 shifts per day including weekends. Based on WCC grade 2	144	-	-	-
Café - net operating costs	Viability unknown - for purposes of appraisal assumed breakeven	-	-	-	-
<b>Total revenue</b>		<b>390</b>	<b>196</b>	<b>60</b>	<b>12</b>