

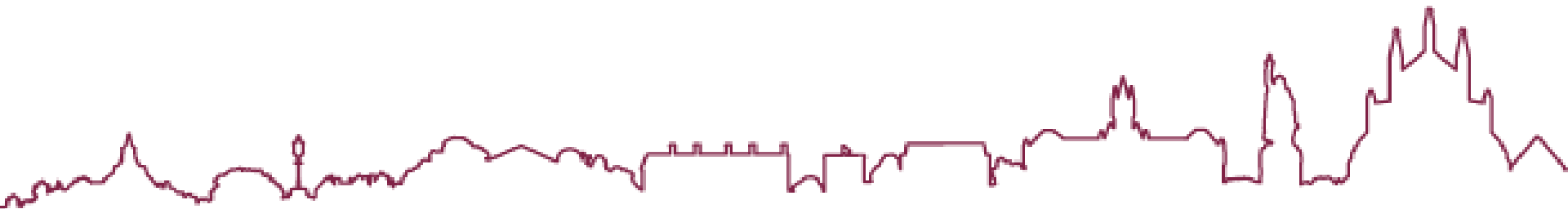
SPORT & LEISURE PARK WINCHESTER



CONSIDERATION OF FULL BUSINESS CASE

LEISURE CENTRE CABINET COMMITTEE

11TH FEBRUARY 2019



INTRODUCTIONS

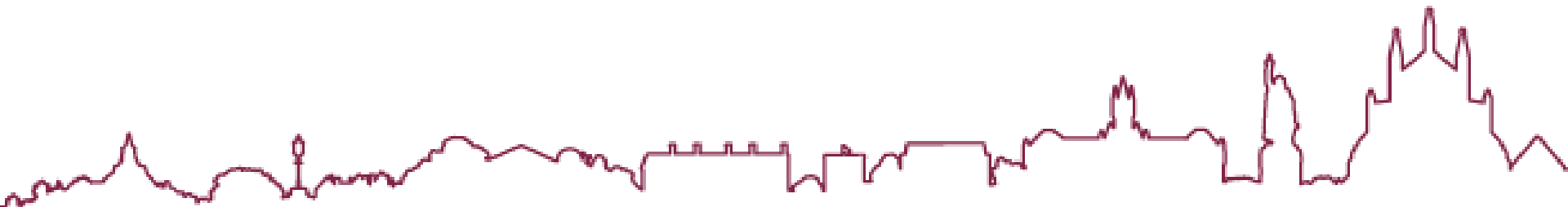
The Sports Consultancy (TSC):

 Simon Molden – Director

MACE:

 Olivia Burton – Senior Project Manager (Consultancy)

 Sean Clarke – Senior Cost Consultant

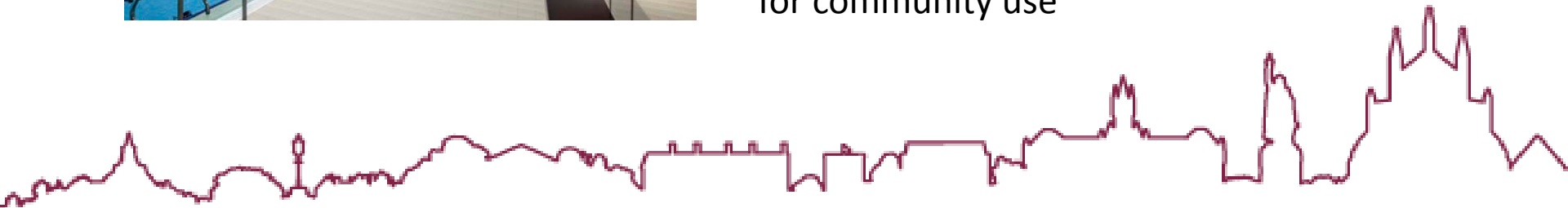


THE VISION



Our vision is to build a Sport and Leisure Centre that:

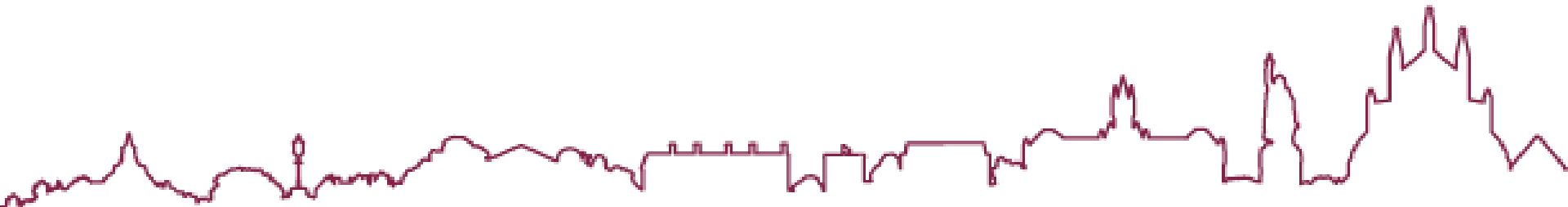
- 🏰 Reflects sporting needs and aspirations for the people of our District
- 🏰 Is flexible to provide for current and future sporting needs and trends
- 🏰 Is deliverable and affordable
- 🏰 Is in a park setting providing additional sporting and leisure opportunities
- 🏰 Provides an excellent water based offer for community use



FACILITIES AND DESIGN



-  High quality design
-  Based on sound assessment and rationale, fully supported by Sport England and NGBs
-  Sports clubs input
-  Ongoing design response



LISTENING, ENGAGING AND RESPONDING



4 phases of engagement

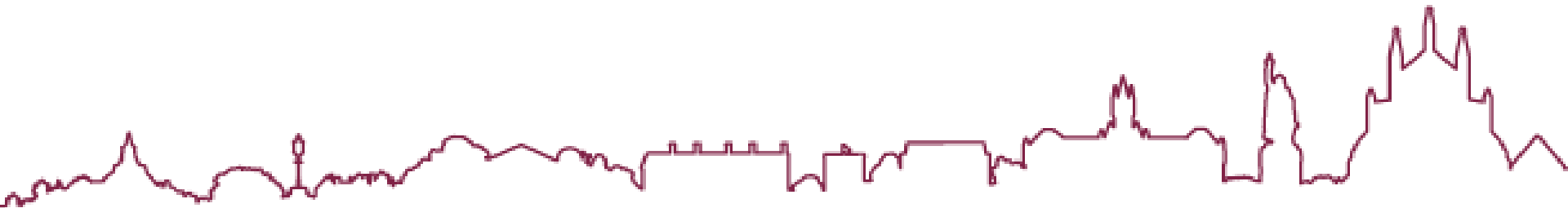
Design Framework

- ✓ Drainage
- ✓ Landscaping
- ✓ Parking
- ✓ Transport and accessibility

ADVISORY PANELS



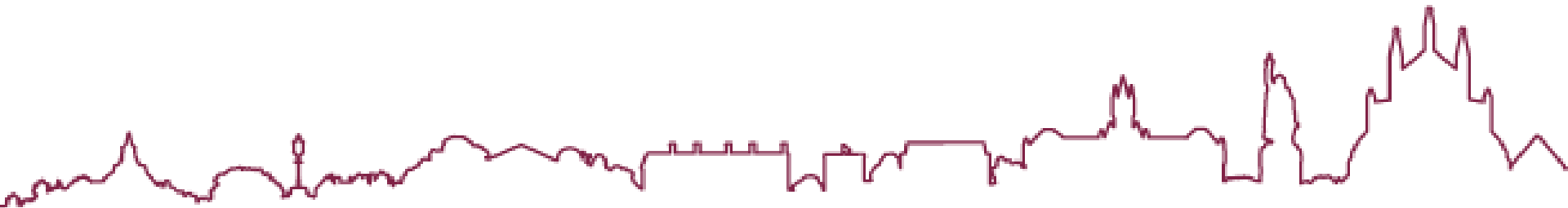
- ✓ Design
✓ Planning approval granted
- ✓ Sustainability
✓ EPC A and BREEAM Excellent
- ✓ Contract management
✓ Sound process and outcome
- ✓ Accessibility and inclusivity
✓ Fully accessible design







PARTNERSHIPS

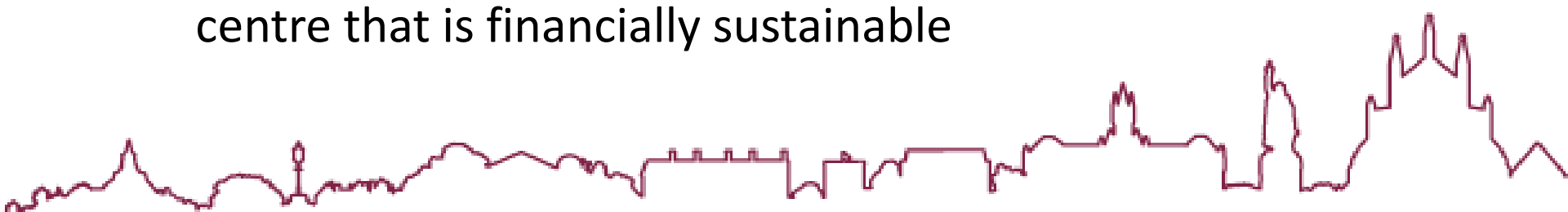


-  Hydrotherapy
-  Sports clubs
-  Boxing
-  Users of sports pitches,
residents and clubs
-  Hampshire Institute of Sport
-  Sports Stadium



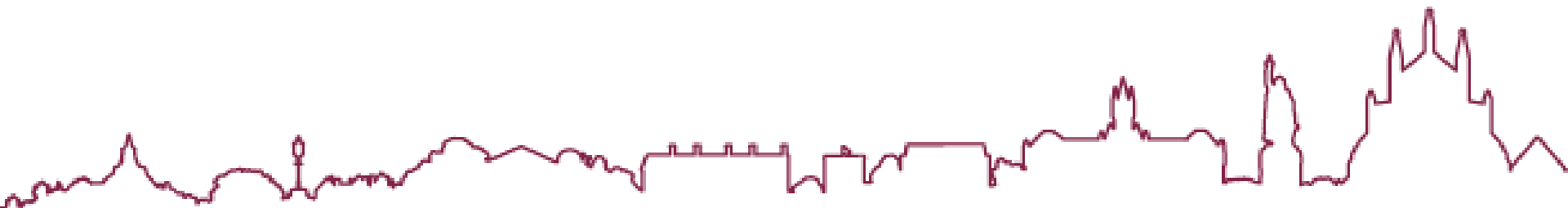
FULL BUSINESS CASE - KEY DELIVERABLES

-  **Investment Objective 1:** To provide accessible public sport and leisure facilities to residents of the District
-  **Investment Objective 2:** To improve participation in sport and recreation
-  **Investment Objective 3:** To improve the quality and energy efficiency of Winchester's main leisure facility
-  **Investment Objective 4:** To provide a sport and leisure centre that is financially sustainable







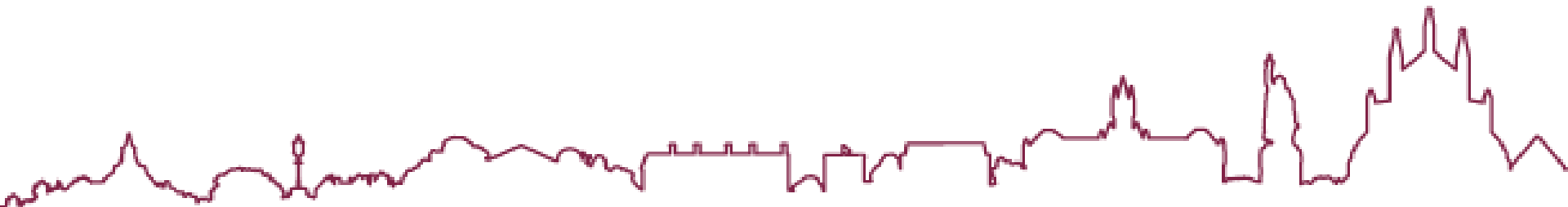
BUSINESS CASE SUMMARY

Business Case Element	Conclusion
Strategic	Good strategic fit
Economic	Economic case is made
Commercial	Commercial case established and all requirements in place
Financial	Affordability demonstrated
Management	All management arrangements in place



FULL BUSINESS CASE (FBC) (TSC)

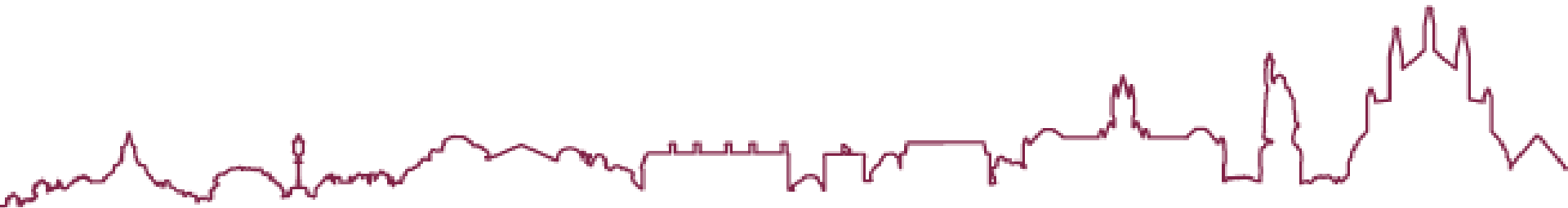
-  FBC follows HM Treasury's Five Case Model (i.e. Strategic, Economic, Commercial, Financial and Management cases)
-  Options Modelled
-  Comparisons with Outline Business Case
-  Key findings



STRATEGIC CASE

This sets out the strategic context and the case for change, together with the supporting investment objectives for the scheme

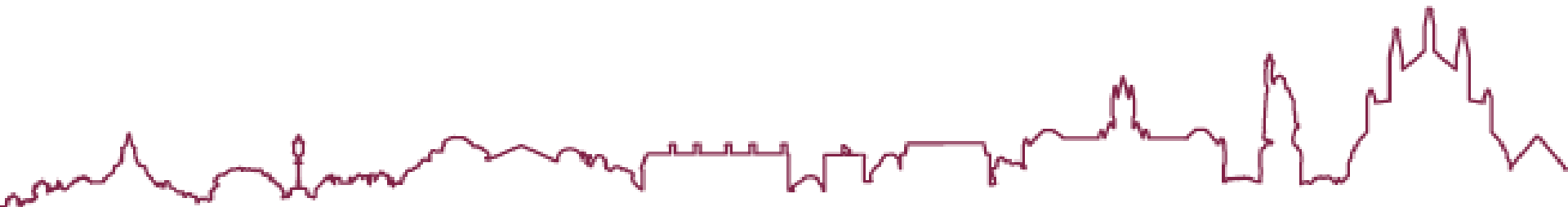
- This clearly demonstrates that the project is in line with the Council Strategy and will deliver key aspects of the Health and Happiness objective
- Key supporting strategy and assessment documents have been undertaken and agreed
- Investment Objectives clearly articulated and met
- Risks identified and mitigated



ECONOMIC CASE

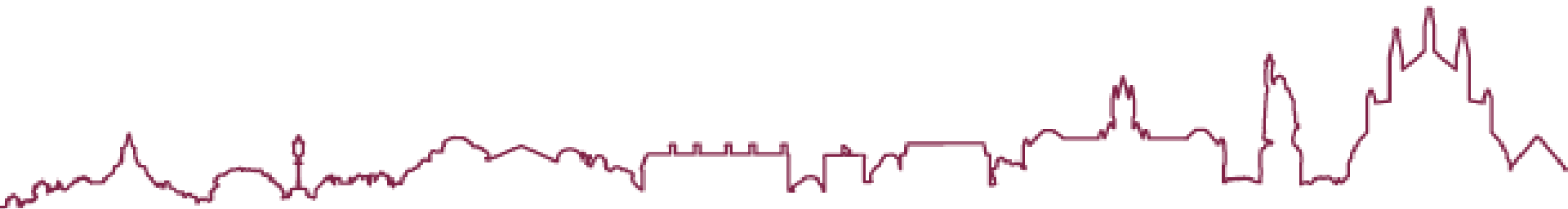
This demonstrates that the organisation has selected the choice for investment which best meets the existing and future needs of the service and maximises value for money (VFM) for WCC

- Critical success factors identified and met
- Long list of options narrowed down to agreed short list
- Main project benefits articulated and met
- Full review of risks and full benefits appraisal undertaken
- Net Present Value calculation supports identified preferred option



COMMERCIAL CASE

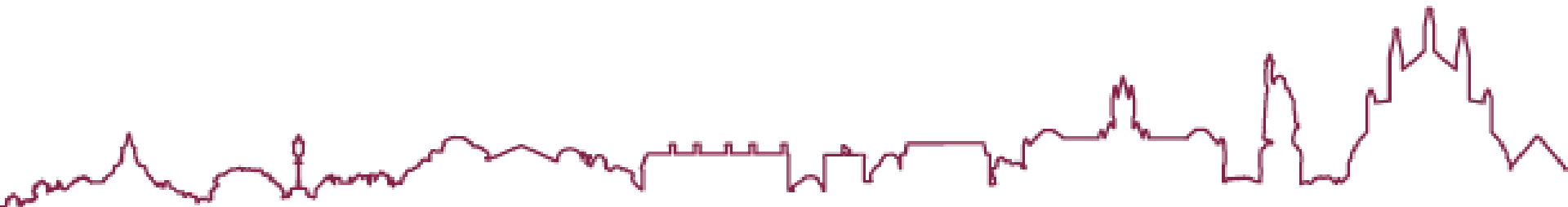
- This outlines the content and structure of the future financial and commercial arrangement: To summarise, as part of this option:
- WCC will enter into a new 15-year leisure management contract (operator selected through leisure management contract procurement exercise completed in 2018)
- WCC will enter into a two-stage design and build contract with Willmott Dixon
- WCC has entered into an agreement with The Pinder Trust, which sets out the basis for their requirements for the hydrotherapy aspect of new WSLC.



FINANCIAL

This confirms funding arrangements and affordability and explains any impact on the balance sheet of the organisation

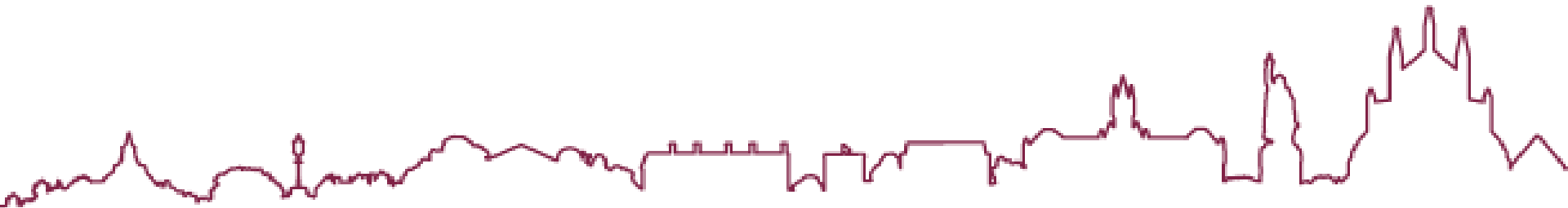
- Assesses impact on Council's finances
- Sensitivity analysis on key inputs such as inflation and interest rates
- Tests affordability and shows that this is in accordance with the project objectives
- Demonstrates a better financial position than Outline Business Case position



MANAGEMENT

This section sets out the approach to the project management of the project during the design and development phase and subsequently the operating phase. The project is being managed in accordance with WCC's major projects and programme management

- A structure and responsibilities for programme management of major projects is in place.
- The WSLC project fits within this structure the key features of this structure and responsibilities for programme management have been established.



FBC – KEY CONSIDERATIONS (TSC)

44-year period (covering from 2017-18 financial year onwards)

Covers the following areas:

- Capital costs
 - Project costs that have already been spent (i.e. the Council's professional fees)
 - Funding contributions from partners
 - Net capital cost (i.e. capital costs and project costs less funding contributions)

 - Capital borrowing requirements (MRP and interest)
 - Management fee from operator
 - Existing RPLC project budget
 - Estimated car parking income
 - One off costs associated with early termination of existing contract
 - Ongoing University contributions for net cost of WSS
- There were options for continuing with RPLC (option A) and delivering a new WSLC (option B) and then a number of scenarios relating to option B

BASIS OF THE FINANCIAL MODEL (TSC)

- Capital costs require financing
- Financing comes through management fee from the operator to the Council
- If excess of management fee over 40 years then a surplus share arrangement applies
- Financial model assumptions – borrowing will be at fixed rates whilst revenue goes up with CPI inflation annually (model assumes 2% inflation)