

Forest Heath & St Edmundsbury councils

West Suffolk
working together

**Outline Business Case
Western Way Development
Appendix 1 – Replacement of
BSE Leisure Centre**



October 2018

Contents

- A. Executive Summary**
- B. Strategic Case**
- C. Economic Case**
- D. Commercial Case**
- E. Financial Case**
- F. Management Case**
- G. Next Steps**

A. Executive Summary

The Western Way proposals would create an exciting new public and business offer for the town, and the opportunity to build a new Leisure Centre as part of that to provide a 21st century leisure offer for the people of Bury St Edmunds and surrounding area is a fantastic prospect.

This outline business case sets out the potential case for investment to incorporate a replacement leisure centre as part of the Western Way development. It provides the high level opportunity, benefit and cost information for this element of the scheme but should be considered alongside the wider strategic vision and business case for the whole development.

West Suffolk's Strategic Plan includes a priority of "Resilient families and communities that are healthy and active". We are committed to using our community, leisure, open space and heritage assets to support wellbeing and education and create behavioural change as further detailed in the "Promoting Physical Activity Framework"¹. This business case will show how this development will deliver benefits which will meet the objectives in the Framework including:

- Social and community
- Economic
- Personal experience
- Health and wellbeing

The Western Way development provides an opportunity to provide a replacement leisure centre in a multi-functional space enabling co-location with key public sector partners including health. By re-visioning how public services can work together and interact with communities we have an opportunity to offer benefits both to residents of West Suffolk and partners on the site ranging from shared/reduced building and facilities maintenance costs through to opportunities to create referrals routes and to enhance customer journeys.

The existing Bury Leisure Centre is located at the end of Beeton's Way and is now 43 years old. The building has been refurbished twice in its lifetime due to two fires and therefore the fabric of building itself is generally in good condition. However, there are practical issues such as the age of plant that mean that reactive and planned maintenance costs are increasing and will continue to do so.

There have also been developments in terms of leisure demand and customer expectations which mean that the current centre layout could be improved including:

- The position of the entrance in relation to the car park
- Ease of access
- Facilities spread over three floors
- Standard of sport/leisure facilities
- Mix of facilities/leisure offer

This outline business case evaluates the options for the future of leisure provision in the locality, including the possibility of refurbishing the existing facility.

¹ Indoor Facilities and Playing Pitch Strategy delivered by 4Global on behalf of West Suffolk Councils. https://www.westsuffolk.gov.uk/leisure/Sport_and_Healthy_Living/activity/physicalactivitywssportsfacilitiesassessment.cfm

The Proposal: to build a new leisure centre as part of the Western Way development at an estimated cost of up to £23m and will include:

- 8 Lane 25m deck level pool with boom and moveable floor
- Combined Leisure and Teaching Pool
- Spectator seating for 200 people
- 4 Court Sports Hall
- Fitness facility
- 3 studios/multi-purpose rooms

This initial proposal has been developed on the basis of providing the optimum facility mix for the centre having regard to: the leisure market; catchment area; activities to encourage physical activity; and facilities in the wider area. It should be noted that further work will need to be undertaken in the next phase to determine a more detailed specification if the proposal to deliver a replacement leisure centre is agreed.

We will work with the Council's leisure partner, Abbeycroft Leisure, to ensure that the centre will be capable of delivering the Council's ambition for Council leisure facilities to be self-supporting, capable of meeting their own day-to-day running costs and potentially to deliver a wider return to support other community activities.

B. The Strategic Case

(Why are we doing it and what are we trying to achieve?)

1. The Opportunities of a new leisure centre as part of the Western Way development

The Council's role in providing Leisure Facilities

- 1.1. In the report "**Active people, healthy places: Councils and their partners leading sport and physical activity in their place**"², the LGA and partners identified that:

"Local sport, leisure and physical activity services can help people to live longer, healthier and happier lives. This makes them fundamental to achieving councils' aspirations for the wellbeing of their communities. Councils have a critical local leadership role for sport and physical activity in their places".

- 1.2. Despite leisure, sport and physical activity being non-statutory services, the evidence of their public value and the preventative health impacts is stronger than ever before. These services can contribute to multiple public policy objectives. These include reducing health inequalities, upskilling and employing local people and being community spaces for social engagement and interaction.

Supporting the Physical Activity & Health Agenda

- 1.3. The Suffolk Physical Activity Needs³ assessment summarised the burden of physical inactivity:
- Physical Inactivity is one of the top 10 causes of disease and disability in England and is attributed to 6% of deaths globally.
 - Inactivity causes 1 in 6 deaths in the UK.
 - Inactivity is the principal cause for 21-25% of breast and colon cancer, 27% of diabetes burden and 30% of ischaemic heart disease.
 - It is estimated that 1,368 years of poor health are being lived by the Suffolk population each year as a direct result of physical inactivity
 - It is estimated that within Suffolk, there are 244.6 premature deaths per 100,000 people per year attributed to physical inactivity and that the cost of inactivity per year to Suffolk per 100,000 people is £17,718,700 (UK Active, 2014).
 - Inactivity costs an estimated £7.4 billion a year to the UK.
- 1.4. The Council is committed to "Promoting Physical Activity" and its framework sets out its objectives and intent.⁴ The benefit of co-locating health and leisure facilities is already being tested out in places such as Warrington and West Norwood and it is a fundamental pillar of our own Mildenhall Hub development. Sport England (in their guidance on strategic facilities funding) recognises that some of the biggest increases in activity have been where sport is located alongside other services such as schools, libraries or doctors surgeries.

²https://www.local.gov.uk/sites/default/files/documents/12.8%20-%20Active%20people%2C%20healthy%20places_WEB.pdf

³https://www.healthysuffolk.org.uk/uploads/2017-10-12_Needs_assessment_Final_short_version.pdf

⁴ https://www.westsuffolk.gov.uk/leisure/sport_and_healthy_living/activity/index.cfm

- 1.5. The Needs Assessment also identifies the challenge of reaching those who are currently not active, and here local authority provided facilities have a key role to play as they look not only at the immediate financial position of the centre but of the wider economic, social and health contribution it can make.
- 1.6. The final business case will be developed to show how this development will meet the Council's objectives as laid out in its Promoting Physical Activity Framework, namely to:

Social and community

- Create an environment that provides the opportunity for physical activity for all;
- Encourage personal responsibility for wellbeing through education and the development of life skills and healthy habits;
- Improve the quality of life and the health and wellbeing of all our communities;
- Ensure that physical activity is inclusive by understanding and addressing barriers to participation;
- Maximise use of local assets including sharing assets where appropriate; and
- Make connections between different communities through shared activities.

Economic

- Ensure we are financially efficient and responsible in a changing financial environment, in line with the councils' Medium-Term Financial Strategy;
- Understand how our impact on health and wellbeing will financially benefit the whole public sector;
- Target our financial support and subsidies to improve outcomes that support our strategic priorities; and
- Create wider value for money.

Personal experience

- Provide opportunities for physical activity that are accessible, inclusive, welcoming, nurturing and convenient;
- Acknowledge that there are a range of motivations to participating in physical activity and that some people want to be competitive, whilst others don't; and
- Support the provision of facilities (including shared facilities) and opportunities in locations that encourage participation and keep active people active.

Health and wellbeing

- Promote initiatives that will support the Suffolk Health and Wellbeing Strategy;
- Focus on activity to address preventable health issues by creating local opportunities that address local health needs, using the health data at Appendix A to this framework;
- Ensure that active people remain active and that more people become active; and
- Encourage natural exercise as a part of daily lives and acknowledge that this may not include traditional sport.

Providing a flagship occupier for the Western Way Development

- 1.7. The Western Way Development is about re-visioning public services and creating not just new buildings but new ways of working together, and interacting with communities. The RSA recognised in their study of Wiltshire Community

Campuses⁵ that "*campuses are about more than new buildings. They are catalysts for new ideas, partnerships and relationships, particularly at the local level*". The inclusion of a new leisure facility, a facility that people of all ages can use and help shape can act as another beacon for the site. It will bring a range of people to the site, as well as benefiting from the attendance of those who already use the site. Being part of this new site offers a number of benefits to all occupiers:

- a. Shared/reduced facilities maintenance costs
- b. Shared Plant and Building Management Systems
- c. Shared reception arrangements
- d. Shared catering facilities (but note this will impact upon the financial performance of the Leisure Centre)
- e. Shared car parking provision
- f. Opportunities to create referrals routes and enhanced customer journey
- g. Joint marketing opportunities
- h. Opportunity to create a half day destination that complements other facilities on the site
- i. Shared benefit from energy centre and renewables
- j. Reduction in overall footprint due to shared facilities

Not including a leisure centre could therefore increase the cost of the site for other partners.

- 1.8. It should be noted that the Mildenhall Hub creates a reduced footprint for the leisure centre (7%) when compared to a stand-alone similar facility, despite having larger activity spaces (pool capacity doubled, for instance). This in turn creates a capital cost saving of 7% against industry benchmarks. Further analysis shows that the joint procurement is also set to achieve a further cost saving
- 1.9. Finally, relocation of the leisure centre will release land for other uses that will be a key part of the wider development. Specifically, it will create opportunities for an improved student accommodation scheme, which is a key outcome and consistent with the existing covenants on the land, and on-site parking provision.

Existing Building Layout, Condition and Challenges

- 1.10. The building has been refurbished twice in its lifetime due to two fires and therefore the general condition of the building is good. As an asset the building has no real structural concerns, although plant is starting to age and both reactive and planned maintenance costs increasing and will continue to do so. In addition to this there is a strong likelihood that a new facility would be far more efficient than the existing building and any new facility would benefit from the most recent advances in technology to reduce the cost of utilities. The potential impact of this has been included in the business case utilising Sport England Benchmarking data (2016), which estimates that the best performing facilities nationally are achieving a cost of £25 per square metre. The business case for a new facility therefore suggests that there could be a saving of the circa £120k against the current cost base. Clearly this would need validating in the context of the overall design and build at Western Way, but should be part of the specification.

⁵ <https://www.thersa.org/action-and-research/rsa-projects/public-services-and-communities-folder/people-shaped-localism/what-we-did>

- 1.11. Whilst the building is sound the age and layout of the building are no longer in line with current industry/consumer expectations. Examples of this include:
- The position of the Entrance in relation to the car park
 - Ease of access
 - Facilities spread over three floors
 - Décor/Style of the building
 - Standard of Sports & Leisure Facilities
 - Facility Mix
- 1.12. The Centre is also limited by poorly located car parking for peak demand. This has limited the facility's growth potential and needs to be addressed as part of any future development. The travel distance between the car park and facility is a major cause of complaint and influences both visiting rates and the retention of customers.
- 1.13. The Centre also acts (and is likely to continue to act) as West Suffolk College's sports provision to meets its course and curriculum requirements and this is a key issue linked to the choice of a refurbished or new build facility. The college uses the following:
1. Sports Hall – WSC use the hall for 40 plus hours per week
 2. Fitness Centre – The College made a capital investment into a 20 station facility that enables them free use but also provides access to the general public in the evenings and weekends.
- 1.14. The 2015 Sports Facilities Assessment also recommended that:
- Based on the quality audits and assessments, age and condition, the priorities for future investment in facility provision are Swimming Pools and Sports Hall due to age (by 2025)
 - The existing leisure centre is ageing and in the medium term there will need to be consideration to its replacement. Replace ageing facilities where new provision is needed; all new provision should be designed and developed based on Sport England and NGB guidance, and be fully inclusive
 - Rationalise existing provision where new facilities can replace/improve facilities
 - Current car parking provision is inadequate.
 - Invest in existing provision to improve quality
 - Invest strategically to ensure economic viability and sustainability of provision
 - Where possible, provide facilities (formal and informal) closer to where people live; access to informal provision is critical in the rural areas
 - Aim to ensure that more facilities on education sites provide opportunities (on a formal basis) for community access

Replacing the leisure centre could create an opportunity to review the scale and nature of provision for swimming in St Edmundsbury, plus develop a purpose-built fitness suite, potentially a larger sports hall i.e. 8 court and studios.

Population changes

- 1.15. The other dynamic to consider is the growth of the town. The Core Strategy and Vision 2031⁶ has established that in the period 2012 – 2031 Bury St Edmunds

⁶ Vision 2031: https://www.westsuffolk.gov.uk/planning/Planning_Policies/local_plans/upload/BSE-vision-2015v6-hi-res-compressed.pdf

will grow by 5740 new homes with most new housing being located in five strategic areas of growth located around the town. It provides that “the town centre will be the main focus for new retail, leisure and office development”.

- 1.16. Whilst it is extremely difficult to examine the impact of local economic development on facility provision but consumer research ⁷identifies that 62% of people will use the services that are most easily accessible to them. Therefore location and convenience of access is key to attract the market and the developments highlighted above are likely to have a significant impact on leisure provision in Bury St Edmunds and any new facility development will need to take account of this.

C. The Economic Case **(How and why will it work?)**

1. Benefits Overview

- 1.1. Building a new leisure centre now as part of the Western Way Development offers a number of benefits:
 - a. Improve the quality and range of offer resulting in increases membership and visits to the centre
 - b. Reduce the maintenance and repairs liability the current 43 year old building
 - c. Reduce operating costs, in particular energy and use of renewables
 - d. Remove the need to rebuild / significant refurbishment of the existing leisure on the existing footprint that would result in closure of the centre for at least one year, losing both income and footfall.
 - e. Utilise the opportunity of the broader Western Way Development to replace the leisure centre rather than at a later stage when capital costs could higher.
 - f. Release land for other uses

Quality and range of offer

- 1.2. Bury St Edmunds has been a high performing facility from both a financial and participation perspective. Alternative provision has increased in Bury St Edmunds with Bury Leisure Centre continuing to provide the town’s only public swimming facilities. Most recently in 2018, the Council opened the Skyliner Sports Centre as part of the Council’s own strategy to decentralise ‘dry-side’ provision if this improves accessibility and capacity. Any new entrants to the market would impact on the performance of Bury St Edmunds Leisure Centre, to which there would normally be two reactions:
 1. Invest in the product/service to maintain or grow market position
 2. Reduce the overhead in line with reductions in income
- 1.3. The second strategy is generally only a short term measure and if sustained over any period just sees performance continue to deteriorate as income continues to fall in line with reductions in expenditure. Furthermore, the Council’s specific role in the market does not support this, since the ability of Abbeycroft to generate income is essential to cross-subsiding costly public-access facilities, in particular the swimming pool and track. This is the important context for discussion of

⁷ <http://www.healthclubmanagement.co.uk/health-club-management-features/Findings-from-the-Health-and-Fitness-Omnibus-Survey-report-2017/32021>

commercial considerations in this business case: the Council's commercial strategy is required to maintain provision of key public facilities at a time of reducing public sector funding.

- 1.4. The development of new facility is likely to produce a step change in performance or at a minimum protect its current position as the core provider in the town. Following the last refurbishment at the Centre, it is understood that membership increased significantly, although records are no longer available to confirm this.
- 1.5. Feedback from users and management experience is that whilst the building is sound, the age and layout are no longer in line with industry and consumer expectations. Examples of this include:
 - The position of the entrance in relation to the car park and road access
 - Insufficient car parking adjacent to centre
 - Ease of access
 - Facilities spread over three floors
 - Décor and style of building
 - Standard of facilities
 - Facility Mix.
- 1.6. Location of the car parking in particular has limited the site's growth potential and has been a cause of complaint, influencing both visiting rates and retention of customers. The location and layout proposed as part of Western Way will address this.
- 1.7. There is also anecdotal evidence, through planning applications and industry knowledge that other private health and fitness operators are proactively looking at Bury St Edmunds as a potential venue for other health and fitness facilities.
- 1.8. In addition to the above competition in other key markets continues to grow and operations compete for the "leisure pound". It is important that these are considered within the final business case to ensure an optimum solution that builds on the opportunity a co-located facility brings. Other developments within the West Suffolk leisure portfolio should also be considered when finalising the case to ensure that each facility provides the optimum solution for each of the catchment populations they serve. For the final business case, an updated independent market analysis will be undertaken.

Reduce the maintenance and repairs liability

- 1.9. St Edmundsbury Borough Council lease the leisure centre buildings to Abbeycroft and the Council retains responsibility for forward planned maintenance, preventative and re-active maintenance. In 2017 the Councils' property team undertook a condition survey and found routine maintenance and renewals would be required that would provide the building with at least another 6 years life, with costs of those repairs being around £350,000. Extending beyond that is likely to require spend of approximately £5m to renew plant in 8 years' time. This essential investment represents approximate value of 20% - 25% of a centre rebuild cost. Whilst there is an argument that the existing leisure centre could have a functional life beyond 10 years, it is clear that additional investment to keep the centre attractive and relevant to users would be required on top of this, and ultimately a new centre would be required.

Reduce operating costs

- 1.10. Energy costs for Bury Leisure Centre account for 11.5% of the Bury Leisure Centre budget and are forecast to increase as wholesale energy prices increase. The Western Way Development could potentially have renewable energy solutions which may reduce this cost.
- 1.11. **Utilise the opportunity of the broader Western Way Development**

Analysis of Sport England cost estimates show that construction costs have increased by 13% since 2015 and are forecast to raise further. The Bank of England inflation target is 2%, although the August Inflation report shows inflation remaining over that forecast. Assuming just 2% inflation, the estimated cost of £25.4m to build a leisure centre will have increased to £29.2m in 10 years' time, a 22% increase. In 20 years that cost increases to £37.8m. In addition the learning through the Mildenhall Hub has indicated that providing a leisure centre as part of a shared facility reduces overall costs by 7%.

2. Evaluation of Location

- 2.1. The need for a central location for the leisure centre has been proved over the years and is a planning policy. This business case address the opportunity of a new Centre as part of the Western Way development and as such the Council needs to assure itself that it is a location that will work for a leisure centre, and there is not a better location having regard to the growth in the town. The table below provides an overview of location criteria.

Pedestrian Access	The site is within 2km of housing estates to the North and South and the main town centre. It is already well served with footpath linkages to Newmarket Road as well as Beetons Way connecting to Tollgate Lane.
Cycling Access	Existing footpath/cycle path that links the site to Newmarket Road, linking to cycle route into town. Site within a reasonable cycle ride (up to 5km/15 mins) of the majority of the built up area of Bury St Edmunds. The site links to the Suffolk County Council Cycle Map, 2018. ⁸
Public Transport	The Western Way development includes plans for a new bus stop adjacent to the site. Currently bus services run to the location from Haverhill, Newmarket, Mildenhall, Brandon, Thetford, Diss and Thurston and surrounding villages.
Car Parking	The wider development of the site will include new car parking. The proposed location adjacent to the leisure centre addresses existing user concerns.
Proximity to Education	Tollgate Lane and Beetons Way are home to County Upper School, King Edward VI School, St Benedicts Catholic School, West Suffolk College and will be home to the Abbeygate VI form. The proximity of leisure to this "education corridor" is a key benefit of the site.
Other facilities	The current running track and pitch is owned by King Edward VI School and is used under a community use facility
Business	The site is under 2km from the town centre and will itself be home to a number of private and public sector operations. This provides the opportunity to engage with businesses as part of Suffolk's Health and Wellbeing Board's ambition to "support employers to incorporate physical activity as part of the working day". ⁹

- 2.2. There are a number of projects that are now being developed with other agencies that follow a co-location or hub principle. Anecdotal evidence suggest that use of these facilities far exceeds the indications provided by latent demand studies due to the convenience of the facility.

3. Alternative options

- 3.1. There are two long term alternatives to the provision of a new centre, both of which are major refurbishments of the existing centre. It must be noted that whilst these could extend the life of the centre, they will not address the fundamental issues of proximity of car parking and will not provide a flagship community use building for the new Western Way development. Ultimately both would mean that the Council would still need to consider a replacement leisure centre ultimately, all be it deferring that for around 20 - 30 years.

⁸ <https://www.suffolk.gov.uk/assets/Roads-and-transport/cycling/Bury-St-Edmunds-Cycle-Map.pdf>

⁹ www.healthysuffolk.org.uk/projects/workplace-wellbeing

3.2. The table below gives details of these two alternative options.

	1. Refurbishment on existing footprint	2. Refurbishment + extension
Estimated cost	£8m	£9.5m
Estimated improvement to leisure centre running costs	£67,000 per annum	£340,000 per annum
Overall Scheme financial performance	Council borrowing costs circa £440,000 per annum. Therefore annual deficit after borrowing of circa £373,000 per annum.	Council borrowing costs circa £525,000 per annum. Therefore annual deficit after borrowing of circa £185,000 per annum.
Advantages	<ul style="list-style-type: none"> - Reduced Capital Cost compared to a new build - Improved revenue position from existing centre - Enhanced alternative provision from existing centre - Creates a family orientated leisure environment - Retains position to oversee the management of the athletics track 	<ul style="list-style-type: none"> - Reduced Capital Cost compared to a new build - Improved revenue position on refurbishment option - Enhanced alternative provision from existing centre - Creates a family orientated leisure environment - Retain position to oversee the management of the athletics track - Retains Sports Hall provision & income stream
Disadvantages	<ul style="list-style-type: none"> - Still a long term requirement to replace the leisure centre. - No improvement in the positioning of the site and entrance within the overall project. - Potential requirement to continue to support the same level of maintenance costs from a structural/plant perspective. - Phasing of the development has the potential to disrupt use and cash flow causing business instability. - No sports hall provision for Education or Community Use. - No improvement to the quality of provision of the competition pool. 	<ul style="list-style-type: none"> - Still a long term requirement to replace the leisure centre. - No improvement in the positioning of the site and entrance within the overall project. - Potential requirement to continue to support the same level of maintenance costs from a structural/plant perspective. - Phasing of the development has the potential to disrupt use and cash flow causing business instability. - No improvement to the quality of provision of the competition pool. - Availability of land for extension.

- 3.3 These are alternative options to refurbish the centre and to extend its useful life, however there will be an impact on existing revenue and membership as sections of the centre will be closed. There is a risk that members could transfer to other facilities in the town and they do not return to the centre when reopened, or they just stop accessing leisure facilities all together. Whilst it is possible to estimate the loss of income through a closure period, the longer term impact is more difficult to quantify and a high risk for the centre, and also the community (for instance, in terms of a loss of wide access to swimming programmes for those unable to travel).
- 3.4 A full detailed phased plan would need to be created to examine how this could be managed in the most efficient way possible. The worst scenario would be a 12 month closure creating a complete loss of one years' total income.

D. The Commercial Case

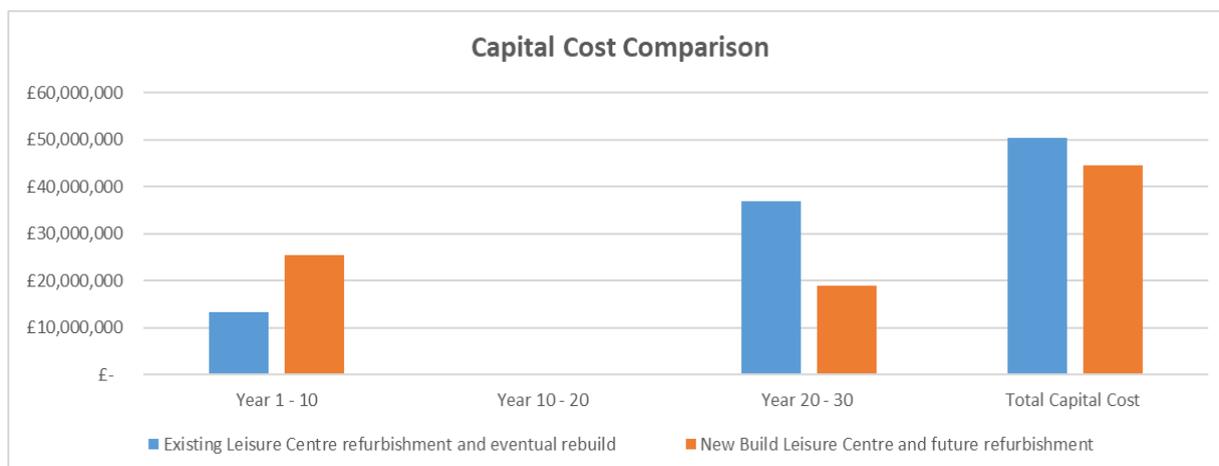
- 1.1. This case is already covered in Section E of the main OBC Document and is not repeated here.

E. The Financial Case

1. Capital Implications of new leisure centre

- 1.1. A new leisure centre integrated as part of the overall Western Way Development, as described in the main Outline Business Case, could cost between £19m - £25m depending on how much of the centre was integrated within the existing frame and how much was a new build extension - see main business case for details.
- 1.2. As has previously been mentioned, the existing leisure centre will have significant capital requirements in the medium term that are currently unfunded. These are detailed below:
- Over the next 5 years an amount of around £350,000 required – this would be funded from the Council's Building Maintenance Reserve
 - Renewal of plant and machinery required in the next 10 years at an estimated cost of £5m – this is currently unfunded
 - Refurbishment of the existing facilities will be required in the next 10 years to continue to provide an attractive facility and maintain market share. This will have an estimated cost of £8m as outlined above, and is also currently unfunded.
- 1.3. Therefore over the next 10 years, the Council would need to spend £13.35m on the current facility in order to increase its useful life by an estimated 20 - 30 years, at which point a full rebuild will be required, either on the current site or at another location. At this point, the cost of providing a new leisure will have increased significantly and the opportunity for integration with the Western Way Development would be lost.

- 1.4. The graph below provides a simple comparison between the capital costs of building a new leisure centre now with a refurbishment in 20-30 years, and retaining the existing leisure centre with maintenance investment, refurbishment now and a new build for another 20 - 30 years. It assumes a 2% per annum increase in new build costs, meaning in 20 - 30 years' time an equivalent new centre would cost at least £37.8m, ignoring increases in costs of delivering a standalone centre.



- 1.5. This shows that whilst in the short term the capital cost of providing a new leisure centre is higher, in the longer term there is actually likely to be a lower overall capital requirement even if an full refurbishment of this new facility is accounted for in 20 - 30 years.

2. Revenue Implications of new leisure centre

- 2.1. It is estimated that the centre would deliver an improved return of approximately £465,000. This benefit would then come back to the council via either a direct payment from Abbeycroft, or through Abbeycroft taking on more of the maintenance responsibilities of the leisure facilities they run.
- 2.2. The table below details the revenue implications of both the base case and target model, as described in the main business case for the Western Way Development.

Annual Revenue Implications of rebuilding leisure centre	Base Case £	Preferred Target Model £	Variance - Positive / (Negative) £
Annual Benefit from Abbeycroft	(465,000)	(465,000)	-
Annual Borrowing Costs	1,047,000	1,375,000	(328,000)
(Surplus) / Deficit after Borrowing Costs	582,000	910,000	(328,000)

- 2.3. There is an annual cost associated with either of the models put forward for a new leisure centre as part of the Western Way Development. However, there would also be borrowing costs associated with the capital amount that would need to be spent on the existing leisure centre. Note the revenue implication detailed above does not account for the benefit of being able to maintain a continual leisure offer i.e. the existing leisure centre would remain open whilst the new one was being built. If a significant refurbishment were to take place on the existing leisure centre, there would be a significant disruption in the leisure offer able to be provided and a potential loss of income to Abbeycroft.

- 2.4. The assumptions used, and mitigation measures described in the main business case equally apply to the leisure centre, and therefore will not be repeated here.

3. External Funding

- 3.1. External funding will be sought from a variety of sources, in order to try and reduce the overall capital requirement for the scheme the council has to fund. This would in turn reduce the annual borrowing costs the council would have to pay. Sport England have already offered to sit on the steering board for this project, and are interested in potentially using it as a case study. Their design input will be a key safeguard for the project in due diligence terms. Sport England has allocated a budget of c £40m to award through 2017 – 2021 and applications will be invited on a solicited only basis, previously with upper limits to grants of £2m. This OBC and the forthcoming full Business case reflect Sport England’s Strategic Facilities Fund guidance. However, there can be no guarantee of Sport England funding being received.

F. The Management Case

The main outline business case for the Western Way Development provides the main management case for this scheme at this stage, as it is part of the wider project. However, below are elements specifically relevant to the leisure centre.

1. Key Risks & Dependencies

- 1.1. The key risks and dependencies specifically related to the provision of a new build leisure centre as part of the Western Way Development are detailed in the table below. The will be developed further as part of the final business case.

	Risk Description	Inherent Risk	Impact	Mitigation	Residual Risk
R1	Financial viability of development	High	Development delayed/ unviable	Explore value engineering opportunities without losing vision for centre and wider site. Looking at facility mix to drive income (nearer build date). Reviewing alternative funding options and delivery methods, including seeking external funding.	Medium
R2	Competition in the leisure sector and soft play	Medium	Reduction in use of centre meaning that business case targets for increased membership/ revenue not met	Design facility in flexible way so space can meet changing leisure trends; continue to monitor market and other alternative leisure provision being developed within a radius	Medium

	Risk Description	Inherent Risk	Impact	Mitigation	Residual Risk
				that could impact on the proposed facility mix	
R3	Change in consumer trends mean that the proposed development mix is no longer relevant	Medium	Reduction in use of centre meaning that business case targets for increased membership/ revenue not met	Design space flexibly so that the fit out can be changed; monitor the market place during the development to ensure that the facility mix is correct.	Low
R4	The scheme does not deliver a new energy solution for the campus	Medium	Increased energy costs for the Leisure Centre impacting on viability of wider scheme	Retain focus on energy solution as part of WWD; work with partners and explore externally funded projects through Interreg	Low

Ref	Dependency	Level of dependency	Give/ Get	Impact	Impact date	Mitigation (if required)
D1	Agreement to wider Western Way Business case	High	Get	The business case for building a new leisure centre as part of the development fails	2019	Refurbishment of existing centre/ new business case for new leisure centre
D2	Continuation of Partnering Agreement with Abbeycroft Leisure	High	Get	Potentially no leisure operator for the new facility/ new operator requires different contract		A new operator for the site (and other leisure centre facilities) would be required
D3	Negotiation with Suffolk County Council re leisure centre land	High	Get	No change of use/additional costs driven into project		

2. Assumptions

Catering Facilities

- 1.1. Currently Abbeycroft has its own café provision and it is this could continue in the new development and complement the wider offer, or be replaced by an alternative provision that provides a better overall solution for all parties.

Accessibility

- 1.2. There have been a number of versions of the masterplan for the whole development. It should be noted that the optimum position for the entrance to the leisure centre would be to link directly with the Public Sector Village/Car Park to provide better line of site and access to capture consumer interest, and also have high visibility from Western Way. This is a specific reason for the target model design in the main business case.

G. Next Steps

1.1. Final Business Case

At this stage it is not necessary to specify the internal fit out of the centre as leisure trends will continue to evolve, but rather create the space that can be used flexibly and improve the financial performance of the facility. The following work will be required to be undertaken in order to produce the Final Business Case:

- Revisit the market analysis to ensure it takes into account changes and trends in the market place along with changes in demographics in.
- Review the facility mix following the market analysis to ensure that market changes can be reflected in the facilities and services provided in any new facility.
- Use the market analysis and facility mix review to inform revised budget projections, ensuring that these are achievable.
- Review of the projections linked to the environmental management of the facility to ensure they remain achievable as well as considering how this can form part of the Council's broader approach to this area.
- Review capital costs to ensure they remain in line with the high level estimates provided and aligned with the final facility mix.
- Undertake stakeholder engagement with users, non-users, sports governing bodies and Sport England.
- Develop a set of Key Performance Indicators for the scheme.