

Subject: Marina Leisure Centre – New Build Options Appraisal

Report to: Council 2nd November 2017

Report by: Kate Watts, Strategic Director

EXECUATIVE SUMMARY

On 7th February 2017 Members of the Council's Policy and Resources Committee agreed to further work being undertaken to look at new build options for a new leisure facility to replace the existing Marina Centre.

In considering the detail of the confidential report at Appendix 1, Members are asked to consider each of the new build options and note the officer's recommendation to progress new build option 5 as this provides the most financially viable option for the Council.

RECOMMENDATIONS

- 1) To approve option five as the new build option to replace the existing Marina Centre and move the project into its next phase, which is a detailed feasibility study (RIBA stage 2) and in developing option five as part of stage two, give consideration to incorporating additional leisure water within this facility
- 2) To allocate £120,000.00 of capital funding to progress this project, this will include the procurement of a professional team to deliver RIBA stage 2
- 3) To continue engagement with existing tenants on the site as part of the detailed feasibility study
- 4) To further explore car parking provision options on the seafront as part of RIBA stage 2
- 5) To progress additional funding opportunities to close the funding gap identified

as part of progressing option 5

1. BACKGROUND

1.1 In August 2015 Members approved a sports, play and leisure strategy for the Borough. In response, a report was developed highlighting what future capital investment was required by the Council to help deliver this sports, play and leisure strategy. This report was considered on 11th February 2015 by Cabinet and subsequently funding of £7.4 million was built into the Council's four year capital programme.

1.2 On 13th July 2015 Cabinet released £1.8 million of this capital funding to redevelop the Phoenix Pool, subject to the transfer of the ownership of this site by Norfolk County Council to the Borough Council.

1.3 In September 2016 the works to the Phoenix pool were successfully completed within budget and the site reopened to the public. Whilst these works were being undertaken a Members working group on leisure was formalised and started to investigate the options for future investment in the Marina Centre.

1.4 In August 2016 it was agreed that The Sports Consultancy in partnership with Sports England would be commissioned to review refurbishment and new development options.

1.5 In February 2017 Policy and Resources Committee agreed to further investigations into a new build option to replace the existing Marina Centre leisure facility, alongside the preparation of a development brief for the wider site and the exploration of potential private sector investment into this site.

2. INTRODUCTION

2.1 As a result of the Policy and Resources Committee decision to investigate further a new build option for the Marina Centre leisure facility, The Sports Consultancy was appointed in March 2017 to undertake an initial feasibility study and options appraisal following the Royal Institute of British Architects (RIBA) stage 1 format.

2.2 To undertake this work options were developed detailing differing facility mixes combined to achieve both wet and dry leisure facilities. These options were generated as a result of site visits, stakeholder and Member engagement and concept design work. Six options were developed and are further detailed within Appendix 1.

2.3 This covering report presents an overview of this work and its conclusions, outlining recommendations to Council. The detailed analysis of this work is presented in Appendix 1 “RIBA stage 1 – Feasibility Study and Options Appraisal”.

3. METHODOLOGY

3.1 In undertaking this work the following assumptions were made;

- The new build leisure facility would remain located on the seafront in Great Yarmouth
- That a minimum carpark provision of 250 spaces would be provided for in relation to the new facility
- Financial contingency would be set at 10% (to be refined further if the project is progressed)
- That revenue income/expenditure in relation to management of the facility have been calculated using the projected revenue figures for the existing trust operating the site
- That operator supplies and equipment would be provided by the operator and are not costed as part of this work

- Ongoing refurbishment and maintenance costs of the new build have been excluded from the financial costs at this stage and should be considered if the project is further developed as part of stage 2

3.2 The following methodology used to complete Appendix 1;

- **Background review** – review of all work to date
- **Stakeholder consultation** – to include Council officers and elected Members, Sport England and key national governing bodies of sport
- **Options development** – considering various wet and dry facility mixes
- **Site visits** – To look at recent new build leisure facilities
- **Revenue projections** – for a 14 year period
- **Concept designs** – to include block diagrams and arrangement of proposed facilities for each option
- **Capital costs** – developed by cost managers for each option
- **Business case development and options appraisal** – see Appendix 1
- **Project programme** – to include key milestones and dates to completion for a new build facility
- **Risk and issues** – to maintain a risk and issues log
- **Reporting and presenting** – to Council Officers and Elected Members to further refine this work

4. OPTIONS APPRAISAL

4.1 In undertaking this work six options have been developed and appraised. In summary these options are detailed in the table below;

Table 1: Facility Options Summary

	Core Option	Variant Options to be Tested				
	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
Activity Area	8 Lane Pool Community Pool	6 Lane Community Pool	8 Lane County Standard Pool	Leisure Water	Clip and Climb	Maximum
Main pool	8 lane x 25m pool	6 lane x 25m pool	8 lane x 25m pool	8 lane x 25m pool	8 lane x 25m pool	8 lane x 25m pool
Health Suite (pool side sauna/steam/spa)	None	None	None	sauna/ steam/spa	sauna/ steam/spa	sauna/ steam/spa
Spectator seating	Poolside seating	Poolside seating	250 tiered seating	Poolside seating	Poolside seating	250 tiered seating
Learner pool	15m x 8.5m with moveable floor	15m x 8.5m with moveable floor	15m x 8.5m with moveable floor	15m x 8.5m with moveable floor	15m x 8.5m with moveable floor	15m x 8.5m with moveable floor
Leisure water	None	None	None	Leisure Water	None	Leisure Water
Clip and Climb	None	None	None	None	20 Features	20 Features
Sports hall	4 courts	4 courts	4 courts	4 courts	4 courts	4 courts
Health and fitness	100 stations	100 stations	100 stations	100 stations	100 stations	100 stations
Fitness studio	1 x studio (30 persons)	1 x studio (30 persons)	1 x studio (30 persons)	1 x studio (30 persons)	1 x studio (30 persons)	1 x studio (30 persons)
Spin studio	1 x studio (20 persons)	1 x studio (20 persons)	1 x studio (20 persons)	1 x studio (20 persons)	1 x studio (20 persons)	1 x studio (20 persons)
Multi purpose room (crèche/meeting/party room)	1 x room (30 persons)	1 x room (30 persons)	1 x room (30 persons)	1 x room (30 persons)	1 x room (30 persons)	1 x room (30 persons)
Squash courts	2 courts	2 courts	2 courts	2 courts	2 courts	2 courts
Café	Included	Included	Included	Included	Included	Included
Parking	250 spaces	250 spaces	250 spaces	250 spaces	250 spaces	250 spaces

4.2 In reviewing these options outline costings have been developed by The Sports Consultancy, which includes the capital cost for the new build of each option and the projected income from each option through the operation of the site. See Appendix 1.

4.3 The capital costs for these new build options range from £20,759,000 to £26,278,000, with the costs depending on the option and its facility mix and include provision for inflation and a 10% contingency. These costings are typical of industry prices for a new build leisure centre and will be further refined as the project is progressed.

4.4 In each case the income projections over a 14 year period have been used to offset capital cost loan repayments and each option generates additional income than currently achieved. This income for each option will fund a large element of the capital costs of each project, however no option generates a break even position.

4.5 Option 5 provides the best return for the capital costs and as a result option 5

is recommended as the most financially viable option for the Council to progress. There is already capital provision of £5.7 million that has been allocated to leisure improvements and with the use of this funding; the funding gap for option 5 is estimated as £2,090,000. These figures have been calculated on assumed revenue income from the operation of the site and will require further analysis as part of stage 2 and could therefore be subject to change.

4.6 The Council has already commenced work to obtain funding to address this shortfall so that no additional pressure is placed on the Council budget to fund a new build leisure centre. During stage 2 of the project applications will be made to formalise these funding arrangements.

4.7 During Member briefings it has been expressed that while option 5 is the most financially viable option it does not include the leisure water facility, and as a result it was felt that there would be a gap between the current Marina Centre's leisure water offer. As a result of this feedback it is proposed that if option 5 progressed to the second stage of this project that during this stage an additional leisure water facility is further explored. Appendix 1 provides some examples of potential leisure water facilities.

4.8 In conclusion it is worth noting that any new build option offers the opportunity for the Council to provide a high quality efficient leisure centre for the community and visitors to the borough. It will provide a longer-term solution with a designed life of up to forty years.

5. VIABILITY AND MARKET TESTING CONCLUSIONS

5.1 The Marina Centre sits within a wider site owned by the Council and forms part of a development brief. Work was subsequently undertaken to better understand the development potential of this land by reviewing the local property market and undertaking a viability assessment and market testing.

5.2 The results of this work conclude that there are potential opportunities for the wider site in terms of sectors such as a commercial leisure facility, a hotel or

ancillary food and beverage offers, but that these opportunities need to be counter balanced with land values and occupier demand.

5.3 It was clear that the development of a new leisure facility would increase any future development opportunities, but in the interim consideration to increasing carparking provision on the wider site would be of benefit to visitors to the Golden Mile and the Council.

6. NEXT STEPS

6.1 If Members were minded to progress to RIBA stage 2 the following steps would need to be undertaken in relation to this project;

- To commence procurement of a professional team
- To develop design briefs for the project as part of refining option 5
- To continue discussions and consultaion with all stakeholders throughout the life of the project
- To finalise construction drawings and obtain the relevant planning permissions
- To report key stages of work to the relevant Committees/Council
- To procure a construction contractor
- Commence build on site

6.2 Initial project planning for the completion of a new build identified a potential completion date within the financial year 2021/2022.

7. LEGAL IMPLICATIONS

7.1 As part of its management of its leisure facilities the Council has entered into the following contracts;

- A fifteen year contract with Sentinel Lesiure Trust for the management of both the Pheonix Pool and the Marina Centre, which includes a break clause at years five and ten
- A 30 year lease between GYBC and Sentinel LT for the Marina Centre and Phoenix Centre. This lease can be terminated at any time subject to the relevant notice period of 6 months
- A Partnering Agreement with with Rock Merchanting Ltd trading as Pulse (termination clauses allow the Council to redraw from this agreement if required)
- A project agreement with Pulse and the Council for the refurbishment of Phoenix Pool and for business and operational services over a 20 year period.

7.2 Any decision made to move forwards with a new leisure facility will not directly impact on these management contracts, and as such the Council will continue to engage with these contractors using existing governance arrangements.

7.3 Currently Sentinel LT have existing tenant arrangements with other service providers within the Marina Centre site. Consideration will be given to these tenants as the Council develops a preferred option for new build.

8. FINANCIAL IMPLICATIONS

8.1 The financial costings for the options presented by The Sports Consultancy are detailed in Appendix 1. If the project is further progressed to RIBA stage 2 these costs will be subjected to detailed review and may change as a result.

8.2 Included with the outline costs for new build is a 10% allocation for the management of this project through to completion which would include the procurement of contractors and establishment of design team which would fall under the OJEU framework. The subsequent procurement process will need to be reviewed as part of the RIBA stage 2 process.

8.3 The £120,000 to deliver stage 2 of the project will be drawn from the current capital programme budget for leisure improvements. If the project subsequently is aborted these costs will need to then be funded from the revenue account.

8.4 The current capital programme includes a budget of £5.7 million as part of the 2016/17 budget setting process and remains uncommitted within the Council's Capital programme for leisure improvements.

8.5 Whilst funding opportunities have been identified that could be used as contributions to the funding of the project, none have been formalised at this stage of the project. Again this will need to be progressed as part of the RIBA stage 2 process. If no additional funding is identified the Council will need to increase its MRP provision to account for any subsequent shortfall.

8.6 In addition to this, if any decision is made regarding existing contractual arrangements, the financial implications of terminating contracts would need to be fully evaluated and taken into account of the overall project and financial viability of the project moving forwards.

8.7 Whilst Appendix 1 contains some additional scoping for additional car parking on the existing Marina Centre site once this has been demolished, further financial workings around this element of the business plan will need to be undertaken during the RIBA stage 2 process to understand the opportunity of car parking to provide a future revenue benefit to offset additional revenue costs of the project. In addition alternative development opportunities on the site can be considered to mitigate the funding gap and any potential implications on the revenue account.

9. RISK IMPLICATIONS

9.1 The current project is supported by a detailed risk register as part of the Council's formal project management approach and will be maintained throughout the duration of this project.

10. CONCLUSIONS

10.1 Members need to consider the financial implications of each of the options and the shortfall gap for each option. In particular members should note that option 5 presents the most feasible option to be progressed if this project is moved to RIBA stage 2.

11. RECOMMENDATIONS

- 1) To approve option five as the new build option to replace the existing Marina Centre and move the project into its next phase, which is a detailed feasibility study (RIBA stage 2) and in developing option five as part of stage two, give consideration to incorporating additional leisure water within this facility
- 2) To allocate £120,000.00 of capital funding to progress this project, this will include the procurement of a professional team to deliver RIBA stage 2
- 3) To continue engagement with existing tenants on the site as part of the detailed feasibility study
- 4) To further explore car parking provision options on the seafront as part of RIBA stage 2
- 5) To progress additional funding opportunities to close the funding gap identified as part of progressing option 5

Area for consideration	Comment
Monitoring Officer Consultation:	Yes - Legal commentary is detailed within the report
Section 151 Officer Consultation:	Financial appraisal detailed in report and in Appendix 1
Existing Council Policies:	Sports, Play and Leisure Strategy
Financial Implications:	Yes – Revenue and capital implications, detailed in report and Appendix 1
Legal Implications (including human rights):	Yes - Legal commentary is detailed within the report
Risk Implications:	Yes – Detailed within the report

Equality Issues/EQIA assessment:	N/A
Crime & Disorder:	N/A
Every Child Matters:	N/A