

**To:** City Executive Board

**Date:** 3<sup>rd</sup> September 2008

**Item No:**

**Report of:** Head of City Leisure

**Title of Report:** Continuation of leisure provision at the Oxford Academy

**Purpose of report:** To present a business case for the continuation of leisure provision at the Oxford Academy

**Key decision?** No

**Executive lead member:** Cllr Bob Timbs

**Report Approved by:**  
**Executive Director of City Services:** Tim Sadler  
**Finance:** Chris Kaye  
**Legal:** Jeremy Thomas

**Policy Framework:**  
Stronger and more inclusive communities

**Recommendation(s):**

1. That the leisure provision at Peers Academy remains operational until Sept 2010
2. That the budgetary pressure is noted and mitigating actions supported
3. That future provision on the Academy site is investigated as part of the leisure facilities review

**Key challenges:**

The report details the decline in usage and budgetary pressures with section eight showing the planned actions to alleviate the shortfall. Unless the mitigating actions are successful then will be a budgetary pressure for 2009/10 and 2010/11.

## Business Case

Reference number: *Not assigned until approved by the Programme Board*

Project Title: *A business case to for the continuation of leisure provision at the Oxford Academy*

Date: *7.8.08*

Responsible Board: *City Executive Board*

Portfolio Holder: *Cllr Bob Timbs*

Links to OCC Priority: *Stronger and more inclusive communities*

Sponsor: *Tim Sadler*

Project Manager: *Steve Holt*

Project Administrator: *Insert name of project administrator (if applicable)*

Version No: 1.0

Approvals: 1.  
2.  
3.

Distribution: 1.  
2.  
3.

## 1. Background

- Peers sports centre is located on the Peers school site which is owned by Oxfordshire County Council, but operated by Oxford City Council under a draft dual use agreement.
- A report to Executive Board on the 16<sup>th</sup> of July 2007 detailed the reasons for closure, with the intention to save £300,000 from the revenue budget.
- A decision to closure the facility was taken on the 13<sup>th</sup> of August 2007.
- At the full Council meeting on the 30<sup>th</sup> of June 2008 funding to support the continued operation of Peers Leisure centre was allocated.
- On the 1<sup>st</sup> of September 2008 the former Peers school will become the Oxford Academy.
- The Academy will be rebuilt over a two year period to 2010.
- The Academy have expressed a desire to explore long-term leisure provision on the site with the City Council.
- The uncertainty over the future of Peers has impacted the centre performance, many customers have stopped using the centre or found alternative venues and the maintenance backlog has increased.
- This business case details how the allocated funding will be used to keep the facility open until Sept 2010 and considers the possibilities post Sept 2010.

## 2. Project definition

### Objectives

- Keeping Peers Sports Centre open until Sept 2010

### Scope

- Improvements required to improve the centres financial situation
- Improvements required to improve the centres usage

### Deliverables

- Community access to Peers Sport Centre until Sept 2010
- A signed off joint use agreement to run until Sept 2010

### Desired outcomes

- Improved quality of life for people accessing the centre

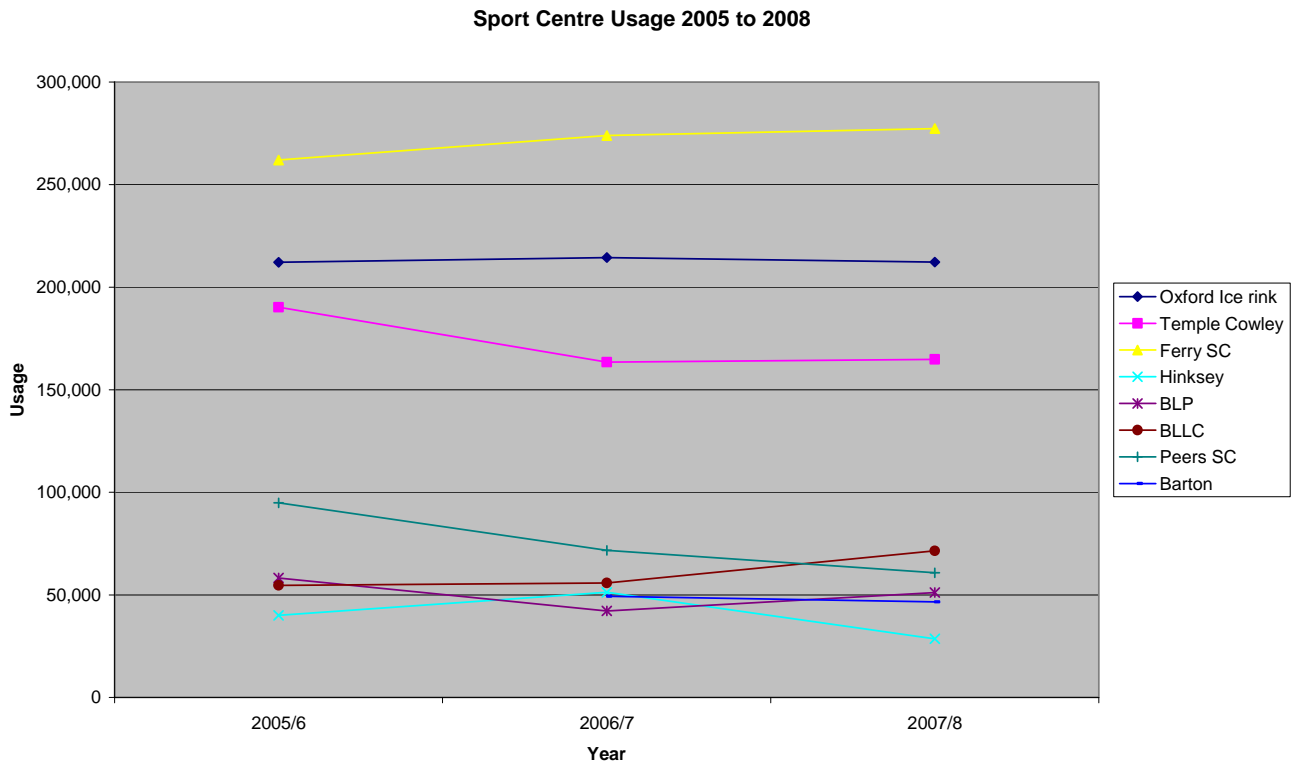
## 2.1 Constraints

- The joint use agreement which stipulates when the community and when the school uses the facility. The final draft dated 17<sup>th</sup> Jan 1994 has not been signed off and is now being reviewed with the Academy.

## 3. Initial business case

### 3.1 Trend data

It is beyond question that Peers Sport Centre adds to the quality of life of facility users, yet the below chart evidences the consistently low usage and a gradual decline in usage from 90,000 visits to just 60,765 visits in 07/08.



The business case to keep Peers open between the 1<sup>st</sup> of April 2008 until Sept 2010 is based on £475,000<sup>1</sup> of priority investment funding being utilised to reduce the cost to support the costs required to keep the facility open.

<sup>1</sup> This includes £100k originally allocated to keep Peers open until Sep-08, and £375k additional funding to keep it open until Sep-10.

### 3.2 Options appraisal:

- Close the centre and direct demand towards existing facilities – *this option has been explored and deemed unacceptable in the short-term before clear options for the future of the facilities have been presented*
- Close the centre alongside developing a replacement fit for purpose facility – *this is not necessarily another option, but a progression of the option to extend the life of the centre until Sept 2010.*

### 4. Risks and Uncertainties

Risk & Description	Likelihood	Impact (High/Medium/Low)	Counter Measures
Action to alleviate the financial pressures are not successful	L	H	Monitor the action plan
The school do not agree to the gate being removed	M	M	Negotiate a new position
Usage continues to fall	L	H	Implement a communication and marketing plan
A preventable accident occurs	L	H	Ensure system improvements are made in line with the other centres
That a Joint Use agreement is not signed off	L	H	Work with the diocese to draft a modern two year agreement

**5. Timescales**

<b>Milestone</b>	<b>Start</b>	<b>Finish</b>	<b>Milestone/ decision point</b>	<b>Project Termination Point</b>
Open the gate	Sept 08	Sept 08	Aug 08	Sept 08
Implement the communication plan	Sept 08	Dec 08	Aug 08	March 08
Develop the marketing plan	Sept 08	Nov 08	Aug 08	Nov 08
Implement marketing plan (in tandem with its development)	Sept 08	Sept 2010	Sept 08	Sept 2010
Centre remains open	Sept 08	Sept 2010	June 08	Sept 2010
Decision on the long-term future of the centre	Sept 08	Jan 09	June 09	Pending the decision

**6. Acceptance Criteria**

- Improves service delivery and accessibility
- A joint use agreement is in place to clearly show who is accountable for what

## 7. Costs

<b>Capital Cost</b>	2008/9	2009/10	2010/11	2011/12
				(£200,000) <sup>2</sup>

<b>Revenue Costs</b>	2008/9	2009/10	2010/11 (April – 1 <sup>st</sup> Sept)	2011/12
Maintenance – Short-term	(£15,000)	(£15,000)	(£15,000)	-
Maintenance (planned)	-	-	-	-
Budget deficit based on trends	(£35,995)	(£41,354)	(£102,791)	-
Marketing	(£2,000)	(£2,000)		-
<b>Total (Pressure)/Surplus (£)</b>	<b>(£52,995)</b>	<b>(£58,354)</b>	<b>(£117,791)</b>	<b>(£200,000)</b>

**Total shortfall - £229,140 until Sept 2010**

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<sup>2</sup> Part of the medium term £350,000- £400,000 maintenance that the centre requires

The below table shows the centres performance from 2005 onwards and add more details to the above table to show how the assumptions have been made to show the impact of the investment without any mitigating actions on the outturn (the position at the end of the year) over the next three years.

	05/06	06/07	07/08	08/09	09/10	10/11
	Predictions without actions					
(A) Usage (visits)	94,881	72,399	60,765	36,717	22,186	5,586
(B) Net Controllable Expenditure (£) – i.e. the cost to keep the centre open	156,311	208,320	219,112	230,146	246,930	141,5711
(C,) Base Controllable Budget (£) – i.e. the budgetary for the year B-D	205,209	172,143	165,754	214,151	220,576	40,273
(D) (Pressure)/Surplus – i.e. the variance from the budget	<b>48,898</b>	<b>(36,177)</b>	<b>(53,358)</b>	<b>(15,995)</b>	<b>(26,354)</b>	<b>(97,791)</b>
(E) Pressure from proposed closure – due customer still thinking the centre is closed	-	-	(£20,000)	(£20,000)	(£15,000)	(£5,000)
(F) Total pressure with no actions	-	-	<b>(53,358) – includes row E as it is an actual amount</b>	<b>(£35,995)</b>	<b>(£41,354)</b>	<b>(£102,796)</b>

**A table to show the centre performance and predict future trends**

**Notes:**

- The Net Controllable Expenditure (A), and Base Controllable Budget for 08/09, 09/10 and 10/11 (row C) is comprised of staff costs, premise costs (including business rates & utilities), and supplies and services.
- The pressure in 08-09 and 09-10 is lower than in previous years due to much lower budgeted income levels. In 08-09 income drops less sharply (10%) than usage (32%) due to constant level of Joint Usage payments
- Usage predictions exclude school use
- The predictions are based on three months of actual expenditure/income
- The 09/10 prediction is based on 3% increase in expenditure & extrapolation of year-on-year trend on income
- As the extension is until Sept 2010 five twelve's have been represented to make up the budget pressure in 10/11

**7.1 Maintenance costs**

Appendix one details the short-term (1-2 years) maintenance backlog, estimated to total £35,000-£45,000 and the medium to long-term (3+ years) costs which escalate to £350,000-£400,000.



## 7.2 Short-term pressure without mitigating actions

The predicted pressure from the above is £180,140, with the shortfall in short-term maintenance this figure increases to £229,140. This excludes the possible requirement for long-term maintenance issues to require attention before Sept 2010.

Total pressure - £229,140

## 8. Actions to alleviate the shortfall

Action	Who	When	Implication	Predicted impact on the pressure (£)
Remove the gate which is preventing access from Littlemore	Steve Holt	Sept 08	Improved access resulting in Increased usage/income	TBA
Implement a communication plan to ensure people are aware the centre is still open (appendix two)	Steve Holt		Increased usage/income	TBA
Improve the marketing of the centre	Steve Holt	Sept 08	Increased usage/income	TBA
Establish the centre as part of the Peers academy	Ian Brooke	Aug 08	NNDR and VAT relief	TBA
Improve the systems at the centre through the services improvement groups	Ian Brooke	Aug 08	Improved operations and customer service	TBA
Update the Joint Use Agreement	Ian Brooke	Sept 08	Reduces H&S and financial risks from a clear understanding of who is accountable for what	TBA
Adjust the opening hours	Steve Holt	Oct 08	Reduced daytime overheads	TBA
Maximise community use when the school are not using the facilities	Steve Holt	Sept 08	Will need to done once the joint use agreement has been reviewed	TBA

### Note –

Further work is required to gauge the assumed impact of the above and additional actions upon the predicted budget pressure.

## 9. Interfaces

The project is part of the wider facilities review. As shown in the chart on page three facilities with the same relative catchments area with very low usage and Temple Cowley Pools which has declining usage which also shared the same catchments area.

## **10. Whole Life Cost/Sustainability**

The continuation of Peers Sports Centre does have an environmental impact due to the high levels of energy usage that are especially apparent in older leisure facilities.

## **11. Supporting Documents**

Future of Peers Sports Centre, Report of the Leisure and Cultural Service Interim Business Manager, 16<sup>th</sup> July 2007

## **Appendix 1 – Planned Maintenance**

### In the short term (1- 2 years)

Works to be included are such as:

- Internal decorations to the public areas of the building
- External decoration
- Repairs to down pipes and guttering
- Improvements to emergency lighting
- Replacement roof flashings
- Pool water treatment pH correction equipment

**Estimated budget costs for short term works are £35,000 - £45,000**

### In the medium / long term (3+ years)

Works to be included are such as:

- Replacement roof coverings to flat roof areas
- Replace roof lights
- Replacement polycarbonate glazing to sports hall
- Replacement high level cladding to sports hall
- Replacement of waste water tank
- Repairs and replacement of lighting in sports hall and pool hall
- Re-pointing blockwork in sports hall
- Repair, seal and re-line the sports hall floor
- Works to meet Disability Discrimination Act
- Asbestos survey / removal
- Improvements and cleaning to ventilation systems
- Replacement floor coverings in foyer, offices and changing rooms
- Upgrade and improve the roof top water tank
- Survey of pool filter tank (subsequent repairs may be identified from the survey)

**Estimated budget costs for medium / long term works are £350,000 - £400,000**

The following items are not included in the above budget estimates, but should be recorded as possibly requiring work following further investigation:

- The sports centre and school share a common boiler room and modifications to this may be required subject to the school re-development plans
- There is concern that the swimming pool circulation and pool hall ventilation is poor and may need improvement to meet current guidelines
- The existing toilet cubicle partitions and doors may need replacement in the longer term
- The main boilers are in excess of 15 years old and should be reaching the end of their life.

**Appendix 2 – a Communications Plan for Peers Sports Centre 2008** *(this plan is in conjunction with the promotion required to promote all sites as per the service marketing plan)*

<b>Action</b>	<b>By When</b>	<b>Who</b>	<b>Cost</b>
Contact all previous users	21.8.08	Centre Staff	£200
Press release	21.8.08	HL	Free
3 <sup>rd</sup> sector press releases	21.8.08	HL	Free
Work with Local community groups	21.8.08	Centre Staff	Free
Include the centre all corporate leisure marketing	Constant	HL	£300
Local publications	28.8.08	Centre Staff	£200
A banner promoting the centre in a prominent position	8.9.08	Centre Staff	£250
Academy news letter	15.9.08	SH	Free
Local schools news letters	15.9.08	SH	Free
Info on school plasma screens	29.9.08	HL	Free
Centre open day – invite local radio	Oct 2008	SH	£300
<b>Total</b>			<b>£1,250</b>