

# Business Case

Reference number:

Project Title: New Build General Swimming and Competition Pool

Date: 4<sup>th</sup> January 2010

Responsible Board: Transformation Board

Portfolio Holder: Councillor Bob Timbs

Links to OCC Priority:

- Tackle Inequalities and Support Communities
- Improve the Local Environment, Economy and Quality of Life
- Reduce Crime and Anti-social Behaviour
- Tackle Climate Change and Promote Sustainable Environmental Resource Management
- Transform Oxford City Council by Improving Value for Money and Service Performance

Sponsor: Tim Sadler

Project Manager: Ian Brooke and Hagan Lewisman

Project Administrator: Hagan Lewisman

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Approvals:

1. Transformation Board (Project Brief)
2. Tim Sadler
3. Ian Brooke
4. Penny Gardner
5. Sarah Fogden
6. Lindsay Cane

Distribution:

1. Competition Pool Board
2. Helen Rowlands
3. CEB

# Business Case

## 1 Background

The Leisure Facilities Review carried out in 2008/2009 was presented to CEB in May 2009. The key findings from the review were a need to:

- improve the quality of leisure facilities
- reduce the maintenance costs across the portfolio
- reduce the revenue costs for running the facilities
- increase energy efficiency and reducing carbon footprint
- improve accessibility

The recommendations of the Leisure Facilities Review were the closure of Temple Cowley Pools (TCP) and Blackbird Leys Pool (BLP), and replacement with a high quality modern facility at Blackbird Leys Leisure Centre (BLLC).

The City Executive Board approved the findings and recommendations of the review on the 20<sup>th</sup> May 2009, giving project approval to commence the development of the new pool and permit controlled closure of TCP and BLP after opening the new facility.

Further details on the findings of the Leisure Facilities Review are outlined in sections 1.1 to 1.6 below, and should be seen in the context of how they impact on the Councils key priorities:

- Tackle Inequalities and Support Communities
- Improve the Local Environment, Economy and Quality of Life
- Reduce Crime and Anti-social Behaviour
- Tackle Climate Change and Promote Sustainable Environmental Resource Management
- Transform Oxford City Council by Improving Value for Money and Service Performance

### 1.1 Improve the Quality of Leisure Facilities in the City

There is a need to improve the quality of the Leisure facilities within the City, which will also improve the quality of experience for customers. The Councils vision is for a world class Oxford, but neither TCP or BLP can meet this vision. Both facilities are over 25 years old, exceeding the Sport England recommended lifespan of 21 years, and are showing serious signs of age both visually and structurally.

Usage at TCP has steadily declined from 220,000 visits in 2003/4 to 160,000 visits in 2008/9, which is significantly under capacity. A new gym was added to the centre to try and reverse this decline in December 2008, which has now virtually paid for itself and given the centre a short term boost. This gym equipment, which was the bulk of the

expenditure from the development, will be at the end of its estimated five year life by 2013. Although the decline has been halted over the past 12 months, the worsening condition of the centre strongly indicates that this is a temporary position.

Both TCP and BLP no longer meet facility standards from Sport England or those of the Amateur Swimming Association (ASA). This is a particular issue at TCP where, as a result, the facility cannot hold County Championship swimming competitions and is therefore no longer fit for purpose for use by the City's only competitive swimming club, the City Of Oxford Swimming Club.

## **1.2 High Maintenance Costs of TCP and BLP**

TCP and BLP would need a minimum of £2.6M invested in both of them to meet the maintenance backlog. These works would result in no visible improvement to the customer as they are both plant and structure related. The roof at TCP is currently being propped up by a special support pillar, which is only a temporary short term fix. The diving pool has also not been open since 2002, with concerns that draining the facility may lead to major structural failure.

Due to the age of the facilities any works to the building are likely to uncover additional issues that require additional works and significantly inflate maintenance costs for the future. The closure of these facilities and the replacement with a high quality, 'fit for purpose' facility will remove this ongoing maintenance liability from the Council's capital program.

Although it is planned to close both TCP and BLP after the opening of the new facility, there is still a risk that, due to on-going maintenance concerns, the facilities may have to close sooner.

## **1.3 High Revenue Costs of TCP and BLP**

The revenue costs at both facilities are very high. In 2008/9 both TCP and BLP jointly had a cost to Council tax payers of £640K.

Fusion Lifestyle now manages both facilities on the Council's behalf. Despite efficiencies, they project that for 2012/2013 both sites will still be expensive to run at a joint figure of £510K. Due to their age and inefficiency, the cost to the Council of running these facilities and the maintenance liability would only increase if they remained open.

In contrast to this picture of escalating running costs, Fusion Lifestyle projects a significant reduction in running costs to £150K p.a. for a replacement swimming pool adjoining BLLC. Closing both TCP and BLP and then replacing them with a new high quality facility at Blackbird Leys would therefore present the Council with a £330K p.a. revenue saving. This figure would then be used to support prudentially borrow against circa £4.4M of the main capital build cost.

## **1.4 Energy Inefficiency and Carbon Footprint**

Both TCP and BLP are very energy inefficient and account for a significant proportion of the carbon footprint within the Council. The new facility will have efficient plant and energy systems in place and will enable the Council to look to achieve a BREEAM<sup>1</sup> rating of Very Good as a minimum. Consideration will also be given to future climate change related risks and ensure future proofing of the new build elements of the building (e.g. preparing for hotter, drier summers and warmer, wetter winters and extreme weather events such as flooding and heat wave). For example, this would mean consideration being given to aspects of building design, such as provision of adequate shading and use of appropriate materials in the building fabric as well as ensuring adequate drainage systems are in place to cope with potential more intense, larger volumes of rainfall.

## **1.5 Accessibility and Transport**

TCP and BLP are not Disability Discrimination Act (DDA) compliant, and the necessary modifications to the buildings would be very costly. The new facility will be designed to be fully DDA compliant.

A fully DDA compliant pool will increase accessibility and flexibility and enable better quality of experience and usage by target groups including young, old, disabled (including the Oxford Swans club), ethnic minority groups and others not currently participating.

TCP and BLP have extremely limited parking for bicycles, cars and coaches. The new facility will have adequate relevant provision to cope with the number of bicycles, cars and coaches.

## **1.6 Strategic Provision of Swimming Pools in the City**

Sport England data shows that Oxford has over double the average pool space provision for England<sup>2</sup>. To have such over provision of swimming pool space whilst running at high cost, failing to achieve DDA compliance or facility standards set by Sport England or those of the ASA clearly does not meet the Council's requirement for World Class services or Value for Money services.

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<sup>1</sup> BREEAM (BRE Environmental Assessment Method) is the leading and most widely used environmental assessment method for buildings. It sets the standard for best practice in sustainable design and has become the de facto measure used to describe a building's environmental performance.

<sup>2</sup> Sport England's Active Places Power survey

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“The City has an extremely high provision of water space. There is 42.78 sq metres per 1000 population. This is also compared to the national average of 18.72 and the County average of 29.66<sup>3</sup>. The wards of Hinksey Park and St Margaret’s have the highest provision, with Cowley Marsh and St Mary’s next highest.”<sup>4</sup>

Average Swimming Pool Space by Population.	m2 per 1000 population
England	18.45
South East Region	22.49
Oxford City Council (current portfolio)	42.10
Oxford City 2013: Option 1 – Do nothing (TCP & BLP close)	36.89
Oxford City 2013: Option 2 – Bring current portfolio to World Class retaining both TCP and BLP	42.10
Oxford City 2013: Option 3 – Close BLP only and build new facility	45.26
Oxford City 2013: Option 4 – Retain current and build new facility a) 25m b) 50m	45.80 49.5
Oxford City 2013: Option 5 – Build new facility co-located with new ice-rink	<i>As for 2,3,4 &amp; 6 dependant on sizes of new and closures</i>
Oxford City 2013: Option 6 – Build new facility to replace TCP and BLP	40.60

### 1.7 Additional Background Information

The strategic re-modeling of facilities within the City by building a new swimming pool adjoined to BLLC and closing both TCP and BLP is a major project for the Council. The overall capital costs of building the new competition pool is anticipated to be between £5.5M to £8M pounds depending on the final model design that is used.

As part of the competitive dialogue process for the leisure management market testing carried out in 2008, different options for bringing Oxford’s leisure facilities to a World Class standard were explored. The market testing provided an opportunity for the bidders to offer variant responses that included PFI (private finance initiative) options. The overwhelming response from the market was that PFI was not a viable option.

The lack of availability of commercial credit has not changed since the tender was carried out. It is extremely unlikely that this could provide the route to funding the Council’s new pool facility. Various options for funding, building and managing the project in partnership with another provider, or by another provider, were also explored, but it was concluded that these would be both more costly to the Council and not provide the level of control over the project that the Council required.

<sup>3</sup> There is a slight variation in figures provided in the Sport England Power Survey and the Leisure Facilities Review as they were based on population estimates from different years. On-line Power Survey data is periodically updated for the latest population estimates and now differs slightly from that contained within the original report.

<sup>4</sup> Oxford City Council Leisure Facilities Review, Strategic Leisure, 2009

The contract awarded at the conclusion of the competitive dialogue process allowed Fusion Lifestyle preferred operator status for management of the new facility. This was to give the Council the option to smoothly integrate the management of the new pool with that of the rest of the portfolio but retains the Council's right to go back out to the market if Fusion cannot provide this within acceptable financial and performance parameters. This agreement therefore precludes and further consideration of tendering for PPP (public private partnership) as an option at this stage.

The project is anticipated to be funded from a mix of prudential borrowing, grant funding (including Developer contributions) and the capital receipt from the sale of land at TCP. The projected completion for the build of the new facility is the same year as the Olympics in 2012, with the planned closure of both TCP and BLP following shortly after.

The facility will be developed in line with Sport England and The ASA facility guidance. Minimum requirements will be an eight lane competition pool and a larger teaching pool than that currently available at TCP. Other facilities may be added, but must be cost neutral. The facility will be designed to be extremely flexible and with the potential for a moveable floor to ensure the widest range of community usage will be explored. This will provide a facility that supports learn to swim programmes right the way through to providing a home competition and training venue for the City's competitive swimming club, attracting swimming galas to a minimum standard of County level competition.

## **2 Project Definition**

### **2.1 Project Objectives**

- To provide a modern world class competition swimming pool facility, with a minimum of eight lanes and a teaching pool, that is open in the year of the Olympic Games in 2012 and within agreed budget.
- Managed decommissioning and closure of TCP and BLP once the new facility is open and by end 2013.

### **2.2 Project Deliverables**

- A design team procured and appointed by Feb 2010.
- Report with full business case, funding and design proposals for new build to CEB by June 2010.
- Procurement and appointment of build contractor by November 2010.
- Final design and full project plan for build prepared by September 2010.
- Effective management of build project to project plan (by time, cost and quality).
- Plan in place by December 2011 for managed decommissioning and closure of TCP and BLP by 2013.
- Effective management of decommissioning and closure of TCP and BLP to plan (by time cost an quality).

## 2.3 Project Benefits

The key benefits are shown in the table below. A full benefit map is provided at Appendix one.

Benefits	Direct	Indirect	Financial	Non-financial
Improved quality of swimming pools in Oxford	✓			✓
Revenue Savings	✓		✓	
Disability Discrimination Act Compliant	✓			✓
More Energy Efficient	✓		✓	
Reduced Carbon Emissions	✓			✓
Increased Usage	✓			✓

## 2.4 Project Scope and Exclusions

The project excludes:

- Any planned maintenance work to TCP and BLP prior to decommissioning.
- Any unplanned closure of TCP or BLP due to further major maintenance requirements emerging.

## 2.5 Constraints

- The aspiration is for the facility to open before the end of 2012.
- TCP and BLP will need to close irrespective of whether the new facility is built.
- There remains a level of residual risk that, due to the condition of TCP and BLP, either site could suffer a major high cost failure that leads to the facility closing prior to the planned managed closure
- The amount of capital that the Council can prudentially borrow.

## 2.6 Assumptions

- The revenue and capital released by closure of TCP and BLP is allocated to fund the costs of the new facility.
- On submission of a suitable business case, Fusion will operate the new facility in accordance with the leisure facilities management contract.
- Successful completion of current lease negotiations with County Council.

## 2.7 Interdependencies

This project is part of a programme of work to improve the Council's leisure provision and has specific interdependencies with:

- The leisure facilities development and substantive works programme<sup>5</sup>
- Blackbird Leys Wider Regeneration project.

## 3 Project Options

The options have been evaluated on the basis of their contribution to Council priorities, community benefits, value for money and environmental impact. The advantages and disadvantages of each are outlined below. They are informed by and should be read in conjunction with the Leisure Facilities Review and the leisure facilities and development market testing report.

### 3.1 Option 1 - Do Nothing

This option looks at continuing with the current provision and not proceeding with the new facility. This option will ultimately lead to no provision as both facilities close due to on-going maintenance concerns.

#### 3.1.1 Advantages

- Established existing facilities
- Good public awareness of the locations of the current facilities.
- Established user group at TCP.
- Some core users of the facilities with 160,000 visits in 2008/9 for TCP.

#### 3.1.2 Disadvantages

##### a) Low Quality Facilities

- Oxford City has the lowest percentage of adults (68.5%) out of the districts within Oxfordshire, who are very or fairly satisfied with sports provision in their local area<sup>6</sup>
- The usage of TCP has declined from 220,000 visits in 2003/4 to 160,000 visits in 2008/9, which is significantly under capacity. (Fusion Lifestyle has indicated that the new high quality facility at BLLC would yield an approximate 10% increased usage.)
- TCP and BLP no longer meet facility standards from Sport England and the ASA and are no longer fit for County Championship competitions.
- There is a threat to the reputation of the Council in providing poor quality facilities.

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<sup>5</sup> This is the agreed programme of maintenance works to the existing portfolio and it includes only minimal works to TCP & BLP to maintain reasonable standards in customer facing areas between now and closure.

<sup>6</sup> Sport England Active People Survey



**b) High Maintenance Costs**

- The concrete within the structure at TCP is starting to crumble and the pool roof is currently being propped up by a special support pillar, which is only a temporary short term fix.
- TCP would need a minimum of £2.3M over the next four years to keep it operational.
- BLP will need a minimum of £300k to replace its plant which is no longer fit for purpose.
- Any works to the building may also uncover additional necessary works that could significantly inflate these figures.
- Either facility could close at anytime if there was a major maintenance concern.

**c) High Revenue Costs**

- The revenue costs at both facilities are very high. (2008/9 TCP £540k p.a. and BLP £100k p.a.).
- Due to the age of the facilities and their inefficiency, it is likely that the cost of running these facilities will increase over time.
- A replacement swimming pool co-joined with BLLC would cost significantly less to run at £150k per annum. As part of Fusion's leisure management contract with the City Council, Fusion would effectively guarantee that the revenue costs of operating the new facility would not exceed this level of £150k per annum.
- Replacing TCP and BLP with a new high quality facility at Blackbird Leys would present the Council with a £330k per annum saving for year one.

**d) Energy inefficiency and carbon footprint**

- Carbon dioxide emissions from energy consumption at BLP were 155t CO<sub>2</sub> in 2008/09
- TCP emissions in 08/09 were 973t CO<sub>2</sub>
- These two sites form over 10% of the Council's core CO<sub>2</sub> emissions baseline total (10,000t CO<sub>2</sub> in 2005/06).
- Replacement of TCP and BLP with a new pool modern, efficient plant and energy systems in place will significantly reduce the Council's CO<sub>2</sub> emissions.

**e) Accessibility and Transport**

- TCP and BLP are not Disability Discrimination Act (DDA) compliant.
- Necessary modifications to the buildings are very costly.
- Inadequate parking for bicycles, cars and coaches at TCP and BLP.
- Issues with coach access for swimming galas.

**f) Strategic Provision of Swimming Pools in the city**

- There is a high provision of pool water space in the City, with over double the average provision within England. Attempting to maintain and support two Council owned swimming facilities within two miles of each other is neither realistic nor in-line with the Council's strategic priorities.

### **3.1.3 Conclusion of Option 1**

Retaining the current swimming facilities was considered, but would expose the Council to increasing risk and increasing revenue and capital demand providing a high cost/low value service so cannot be recommended. Ultimately this option would mean that both TCP and BLP close for good due to on-going maintenance concerns.

## **3.2 Option 2 – Bring existing facilities at TCP & BLP to “World Class”**

### **3.2.1 Advantages**

- Established existing facilities.
- Good public awareness of the locations of the current facilities.
- Established user group at TCP.
- Some core users of the facilities with 160,000 visits in 2008/9 at TCP.
- Facilities brought up to world class standard.
- Reduction in carbon footprint with more efficient plant.

### **3.2.2 Disadvantages**

- TCP and BLP are built on very small footprints, with poor accessibility. The sites are very compact with limited development potential for a new, ‘fit for purpose’ competition pool. The site borders the Temple Cowley Conservation areas making the necessary planning approvals more complicated.
- TCP has extremely limited parking for bicycles, cars and coaches and this could not be significantly changed within any new development.
- There would be increased capital build costs due to demolition or difficult internal re-modelling.
- There would not be a significant revenue saving shown and as such there is no funding available.
- There would not be a reduction in pool water space as the City currently has approximately double the average within the country.

### **3.2.3 Conclusion Option 2**

Both the TCP & BLP site are inadequate for development of a new facility as they are too small, have insufficient road access and are likely to be subject to planning constraints and public objections due to location. Option 2 is not therefore a realistic proposition.

## **3.3 Option 3 - Build the new facility and keep one of TCP or BLP open**

The advantages and disadvantages within option 3.1 would apply. Additional disadvantages would include:

- If BLP were to remain open, then the new facility would be a one minute drive just 482 metres from BLLC.

### **3.3.1 Conclusion Option 3**

The option would not be viable from either a capital or revenue perspective and as such would not be recommended.

## **3.4 Option 4 - 50m Swimming Pool plus existing portfolio**

### **3.4.1 Advantages**

- Facility size links very well with the Olympics (it is the official Olympic size).
- Would be the City of Oxford swimming clubs favoured option as most of their training could then be conducted at just one facility.
- Would be a regional competition venue.
- Greater pool space to help improved programming.

### **3.4.2 Disadvantages**

- Facilities of this nature cost £11M to 13M to build. The Council does not currently have these funds available or the ability to prudentially borrow for this amount.
- There are currently very limited opportunities for external funding.
- Rather than decreasing revenue costs this option would increase revenue demand by up to £200k p.a.
- An additional facility would significantly increase the carbon footprint and energy consumption of the Council.
- The revenue and capital risks outlined at 3.1 would still apply.

### **3.4.3 Conclusion Option 4**

Option 4 is not financially feasible for the Council and runs counter to the Council's key priorities, particularly in value for money terms and carbon reduction.

## **3.5 Option 5 - Develop a combined pool with a new ice rink**

### **3.5.1 Advantages**

- Attractive option as there are both carbon and energy efficiencies obtainable by using the heat produced from making the ice to heat the building and swimming pool.
- Good facility and activity mix would be attractive to customers.
- Good practice examples around the country such as Guilford Spectrum

### **3.5.2 Disadvantages**

- Build costs would be £21M to £25M.
- Land purchase costs would be an additional £7M to £8M.
- The Council does not have funds available or ability to prudentially borrow the £28M to £33M this option would require.

### **3.5.3 Conclusion Option 5**

This is an attractive option because of the revenue and carbon efficiencies obtainable through heat exchange as co-location of the facilities allows the heat generated from cooling the ice-pad to be transferred to heating the pool. Unfortunately, the capital costs and availability of land mean that it is not a viable option for the Council at this time. However, it remains an option if a suitable site and funds could be found before the Council commits to the new center, although this is unlikely.

## **3.6 Option 6 - Build new facility joined to BLLC and close TCP and BLP**

### **3.6.1 Advantages**

- Provides a high quality facility that is fit for purpose and meets relevant industry standards.
- Reduces the under used water space within the City.
- Improved economy of scale by co-locating a pool with a dry facility.
- Mitigates the maintenance backlog of £2.6M.
- Shows a revenue saving of approximately £330K that will be used to prudentially borrow for the scheme.
- Reduces the Councils Carbon footprint and be more energy efficient.
- Improved accessibility within the site. The new facility will also be particularly well served by public transport and easily accessible on foot by residents in one of the most deprived wards in the City.
- Efficient strategic provision of swimming in the City.
- Fusion Lifestyle support the option.
- Within two miles of the existing facility at TCP.

### **3.6.2 Disadvantages**

- Established existing facilities.
- Good public awareness of the locations of the current facilities.
- Established user group at TCP.
- Loss of a facility within the Temple Cowley area.

### **3.6.3 Conclusion Option 5**

This is the recommended option as it is both viable and aligns with Council priorities. It also addresses the issues discussed earlier and has the advantages highlighted above.

### 3.7 Options Summary

The table below shows a summary of the advantages and disadvantages of each option both in the short term (present to 2012) and in the longer term (2012 onwards).

Option	Corporate Priorities					VfM Revenue	VfM Capital	
	Stronger & more inclusive communities	Improve local environment, economy & quality of life	Reduce crime & ASB	Tackle climate change & promote environ'l resource mgt	Transform to World Class			
<b>SHORT TERM</b>								
1				x	x	xx	x	-5
2			x	x	x	xx	x	-6
3	x	x	x	x	x	x	x	-7
4				x	x	xx	x	-5
5				x	x	xx	x	-5
6				x		xx	x	-4
<b>LONGER TERM</b>								
1	x	x	x	✓		✓	✓	0
2		✓	✓	✓	✓		xx	+3
3	✓	✓	✓	✓	✓		x	+4
4	✓	✓✓	✓	xx	✓	xx	x	0
5	✓✓	✓✓	✓✓	✓✓✓	✓✓	✓✓	xxx	+10
6	✓✓	✓	✓✓	✓✓	✓✓	✓		+10

#### 3.7.1 Blackbird Leys Site Selection

A number of potential sites were looked at in 2008 to find the best location for the new competition pool. Joining the new facility to the existing Leisure Centre at Blackbird Leys was the option that gave the most benefits and best fitted the Council's priorities:

- Blackbird Leys is among the 10% most deprived Super Output Areas in England and is the most deprived area in the City of Oxford<sup>7</sup>. It shows high levels of deprivation for income, employment, health and disability, education, skills and training, barriers to housing and services, crime, and living environment.
- The area has a very large proportion of young adults, in particular those aged 25-29. There are also a large number of young parents, with a high percentage of young children.<sup>8</sup>
- Life expectancy in Blackbird Leys is, at 75.0, statistically significantly lower than the Oxford average of 79.5 years.<sup>9</sup> Health deprivation in Blackbird Leys is already high and is increasing<sup>10</sup>.

<sup>7</sup> Super Output Area Profile Report for South East Area Committee. Oxford City Council. July 2008.

<sup>8</sup> Information on the Wards of Blackbird Leys and Northfield Brook – Health and Social Statistics. Oxfordshire County Council. Nov 2009.

<sup>9</sup> Cited in: Economic and health trends in areas of multiple deprivation. Oxford City Council. April 2009.

<sup>10</sup> Health inequalities trends in Oxfordshire, 2001 to 2007. Department of Health South East. Unpublished.

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- Blackbird Leys Ward has over twice the levels of unemployment compared to Oxford as a whole.<sup>11</sup> In some areas of Blackbird Leys, the proportion of working age residents claiming main out of work benefits is as high as 20%<sup>12</sup>.
- The local plan 2001-2016 designates the area as a regeneration zone, and policy SR3 relating to indoor and open air sports facilities says that 'planning permission will be granted for the provision and improvement of indoor and outdoor sports facilities, subject to the appropriateness of their scale, siting, design and location'. The project compliments the work surrounding the wider regeneration of Blackbird Leys.
- The South East Plan (2009) requires a selective review to consider the appropriateness of the development of some additional 4,000 homes and complimentary infrastructure adjacent to Blackbird Leys, which would also strongly support this development.
- The new facility will be within close proximity to the two facilities that will close, (TCP 1.6 miles, BLP 482 metres). BLLC to Temple Cowley is 1.6 miles (6 minutes by car), there are also dedicated regular bus services that go directly along the route within the TCP catchment area (Cowley Road) and directly to the site at BLLC these are Oxford Bus Company's City number 5 and Stagecoach number 1. These run typically every 5-10 minutes. It is proposed that existing customers, programs, clubs and community bookings will transfer from TCP and BLP on closure to the new facility.
- In addition to the reasons already described for closure of TCP and location of the new facility in Blackbird Leys, there is an operational business case: TCP already has substantial local competition as is shown in the table below.

### Competing Sites showing access and proximity to TCP.

Competing Site	Car journey	
	Distance	Time
David Lloyd Oxford Business Park North Garsington Rd, OX4 2JY	0.6 miles	2 minutes
Barton Pool Waynflete Road Barton, OX3 9NU	3.4 miles	8 minutes
Ozone Leisure Park Grenoble Road, OX4 4XP	3.7 miles	10 minutes
Oxford University Sports Centre Iffley Road, OX4 1EQ.	1.8 miles	6 minutes
Headington School Headington Road Headington, OX3 0BL	2.2 miles	6 minutes
Lord Nuffield William Morris Close Cowley, OX4 2JX	0.5 miles	2 minutes

<sup>11</sup> *Targeting young people not in education, employment or training: South East*. Leading Learning and Skills. June 2009.

<sup>12</sup> *Briefing Paper Series: Oxfordshire Quarterly Economic Briefing*. Oxfordshire Economic Observatory. April 2009

## 4 Risks and Uncertainties

Risks and issues are being actively managed according to best practice for managing risk in a project environment. Key risks are shown below.

Risk & Description	Likelihood	Impact	Counter Measures
Reputational damage regarding proposed closure of TCP and BLP	5	3	Consultation and Communication Plan to engage with stakeholders users and non-users
Business case not accepted for new facility – TCP and BLP close without replacement	2	5	Competition Pool Working group formulate fully costed options
Unable to secure planning approval	2	5	Engage with planning officers and ensure the application meets the planning framework
Limited internal capacity and experience to deliver internal project management on a project of this scale.	4	4	Ensure appropriately skilled and experienced project manager allocated to project.

## 5 Project Plan – High Level Milestones

A high level timeline for the initial phase of the project is shown at the end of this section, at page 17. Some of the key milestones are shown in the table below.

Milestone	Start	Finish	Milestone/ decision point	Milestone Termination Point
Outline Business Case and approval of £200k revenue funding for design team work & consultation	Nov 09	Jan 09	CEB 13 <sup>th</sup> Jan 2010	Jan 10
Appointment of Project Design Team	Oct 09	Feb 09	6 <sup>th</sup> Feb 2010	Feb 10
OJEU <sup>13</sup> Notice for Competition Pool Build	May 10	May 10	22 <sup>nd</sup> May 2010	May 10
Decision to progress to build stage (yes/no)	June 10	June 10	CEB June 10	June 10
Appointment of Competition Pool Build contractors	Nov 10	Nov 10	Nov 2010	Nov 10

The project will be structured into controlled stages:

<sup>13</sup> Official Journal of the European Union

### **5.1.1 Phase 1.1: Procurement and Appointment of Project Specialists**

Due to the nature and size of the project a Project Design Team incorporating a lead designer will be appointed to assist the Council through this process. We will be looking to appoint the Project Design Team on the 6<sup>th</sup> February 2010 and as such will be asking for delegated authority for the Director of City Services to award this contract. The Project Design Team will take the project through the final feasibility and design elements inclusive of the necessary planning approvals and assist with relevant consultations. The City Council will seek to appoint the lead designer, who will act as the focal point for the liaison between the City Council and the remainder of the Project Design Team for which they will be responsible.

The Project Design Team will include the following areas/disciplines (although this may not be an exhaustive list);

- Project Manager
- Architecture
- Quantity Surveying
- Mechanical and Electrical Engineering - Full Design
- Structural Engineering
- CDM (construction - design and management) Co-ordinator

The Project Design Team will be responsible, working in partnership with the City Council and consultation/communication with our other stakeholders, for the full range of services as incorporated in the RIBA (Royal Institute of British Architects) work stages and will assist the City Council in the selection and management of the Contractor to build the new pool.

Key stakeholders are shown below:

- Facility users / user groups at BLLC, BLP and TCP
- Leisure Services Partnership Board (Including Fusion Lifestyle)
- Current non-users/potential future customers
- Blackbird Leys Residents
- Clubs and Community groups at BLP and TCP
- Sport England
- County Sports Partnership (CSP)
- Amateur Swimming Association (ASA)
- Community Safety
- Oxfordshire County Council
- Oxford and Cherwell Valley College (OCVC)
- Primary Care Trust (PCT)
- The strategic partnership group who are working of the BBLs regeneration framework

### **5.1.2 Phase 1.2: Final Design Options and Approval Gateway**

A further report will be presented to CEB to approve designs and to also seek approval for the financial envelope for the project. This will also take on board any relevant



scrutiny committees as well as the member advisory board as required. It is anticipated that the report will go to CEB in June 2010.

### **5.1.3 Phase 1.3: Ongoing Planning Stages and Procurement of Construction Contractor**

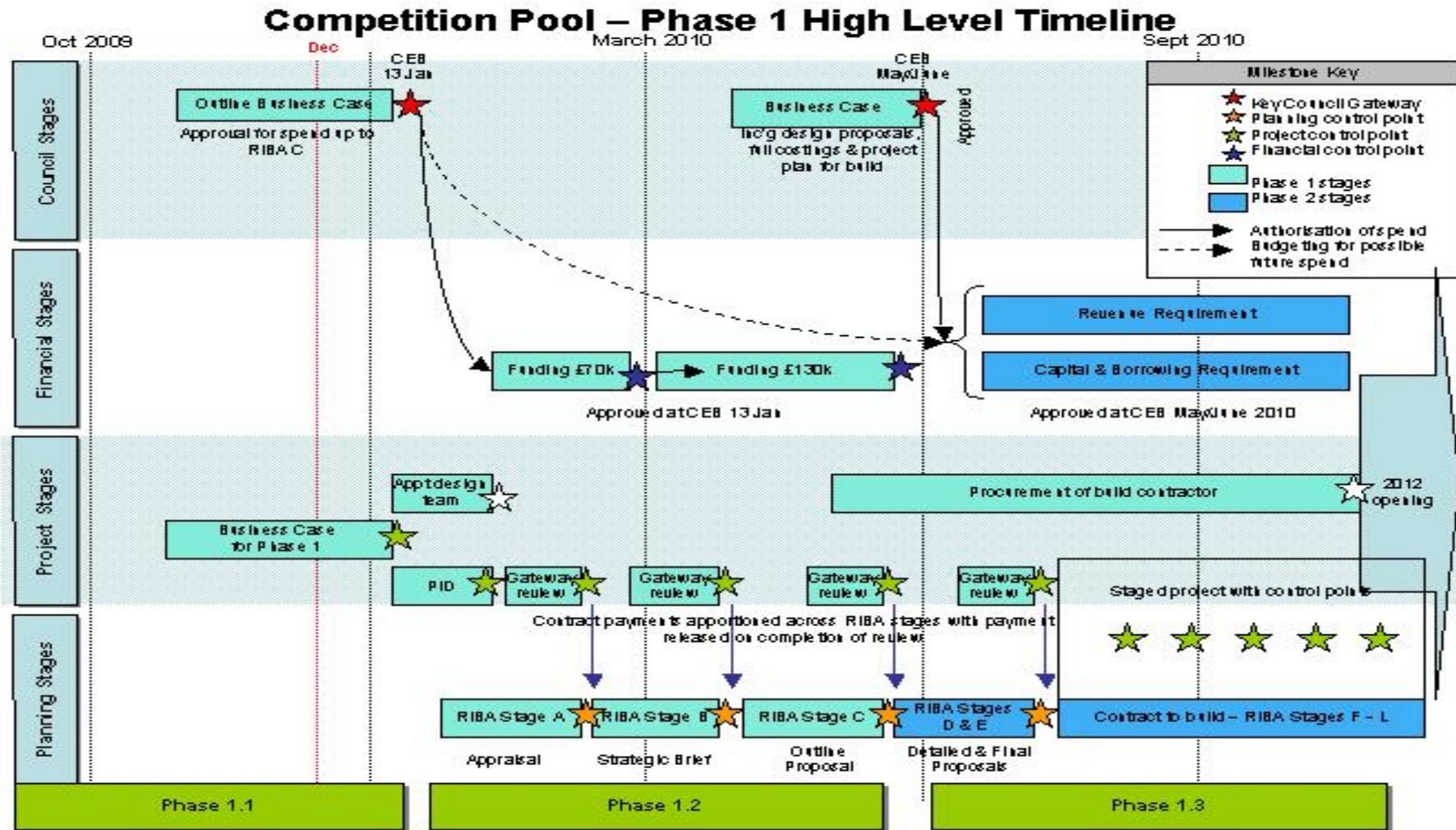
A suitably qualified and experienced contractor will be appointed to build the facility. The contractor is programmed to be appointed in November 2010.

### **5.1.4 Phase 2: Delivery and Management of Build Phase**

This will include all construction work. It is envisaged that the build time will take up to 1.5 years with a completion date of 2012.

### **5.1.5 Phase 3: Closure of Temple Cowley Pools and Blackbird Leys Pool**

It is anticipated that the closure of both Temple Cowley Pools and Blackbird Leys Pool will follow shortly after the opening of the new facility. The bookings and programmes at the two existing facilities and the proposed new facility will be under constant review to ensure that they continue to best serve the Council's strategic objectives. As such, proposed bookings and programmes in the new facility will be considered as part of the annual service planning process overseen by the Leisure Services Partnership Board



## **6 Whole Life Cost / Sustainability**

By closing TCP and BLP and developing the new facility, the Council will reduce its carbon footprint and become more energy efficient. The project will help engage communities within the city, aid social cohesion and help tackle social issues such as health and well-being and crime and anti-social behaviour in and around Blackbird Leys. The project will form part of the wider regeneration of Blackbird Leys. It may also bring customers from elsewhere within the city providing regeneration opportunities within the area.

The capital and revenue costs of the project are provided at Appendix two.

## **7 Equalities Impact Assessment**

The new facility will be fully accessible and be compliant to the DDA. The flexibility of the new facility will help to ensure increased participation, especially from Council target groups, for example by enabling better provision for women only use. A full equalities impact assessment for the project will be conducted to ensure that these objectives can be achieved.

## **8 Business Case (Costs and Benefits)**

See Appendix two.

The overall costs of building the new competition pool is anticipated to be between £5.5M to £8M pounds depending on the final model design that is used. Current estimates on affordability for the Council show that there is a financial envelope of approximately £6M for the project based on prudential borrowing of £4.4M and the capital receipt from the sale of TCP of approximately £1.5M. Design options will be taken to CEB in June 2010 where options will be given to either freeze the design at a cost of no more than £6M or to pursue more aspirational designs

The £330K per annum savings made from the closure of TCP and BLP would be used to prudentially borrow against the £4.4M. This would be over a 19 year period. If the Council wanted to pursue more aspirational designs then external funding would need to be found. Or to prudentially fund a £7.3M pound net project then an additional £250K of revenue funding per annum would need to be found over 19 years. The gateway for necessary approval of the financial envelope will be CEB in June 2010.

Developer contributions have a confirmed figure of £140k against the project.

The total design team and project management costs for this contract from start to completion would be approximately £830k. However, the contract will be set up to ensure that abortive costs are minimised if the new build facility is no longer feasible. This will be achieved through staging the necessary works with a decision point on the actual build for the project expected through City Executive Board (CEB) in June.

Initial feasibility work, procurement of a design team, design options and proposals, consultation and initial planning stages to prepare a design specification with fully costed business case is anticipated to have costs in the region of £176k. This will take the project to a stage where the Council can make a properly informed choice on whether to complete

the planning process, enter into the prudential borrowing necessary and go to the build stages of the project.

The project will be broken up into phases to ensure that abortive costs are minimized.

## 8.1 Design Costs

<b>Phase 1.1 – Design Team costs to reach project decision point at June CEB</b>	<b>Capital funding to request at CEB in January 10</b>
RIBA Stage	Approximate Cost
RIBA Stage A (5%)	£40k
RIBA Stage B (5%)	£40k
RIBA Stage C (12%)	£96k
<b>Total</b>	<b>£176k</b>
<b>Phase 1.2 – Design Team costs up to start of build.</b>	<b>Design costs for funding request at CEB June 2010</b>
RIBA Stage D (12%)	£96k
RIBA Stage E (15%)	£120k
<b>Total</b>	<b>£216k</b>

The anticipated design team costs up to and including RIBA stage C will be approximately £176k. Additional ground costs may take the figure to £200K. CEB authority for this spend will be requested on January 13<sup>th</sup> 2010.

## 8.2 Build Costs

Costs will only be applicable if the build / project is given final approval. Some of the funding will come from prudential borrowing with the £330k saving on closure of TCP and BLP. The Fusion contract delivers savings in future years beyond the budgeted £700k and these could be used to finance some borrowing costs. The total net capital costs of the project are estimated be up to £8.8m.

## 8.3 Closure and Decommissioning Costs

There may be some costs attributed to demolition and clearance of the facilities and releasing the associated capital. These may be incorporated into the disposal contract with TCP. BLP is owned by the County Council and costs in respect of this should be minimal.

## 8.4 Internal Costs

There will be some internal costs to the project. In addition to the design and build project team the Council will require internal project management. Advisors have suggested that this would need input of 2-3 days per week. Given that the Council is relatively inexperienced for such a large, high profile project it is recommended that three days of officer time is allowed for. Officer support services of 0.5 days per week will also be required.

## 9 Procurement Route

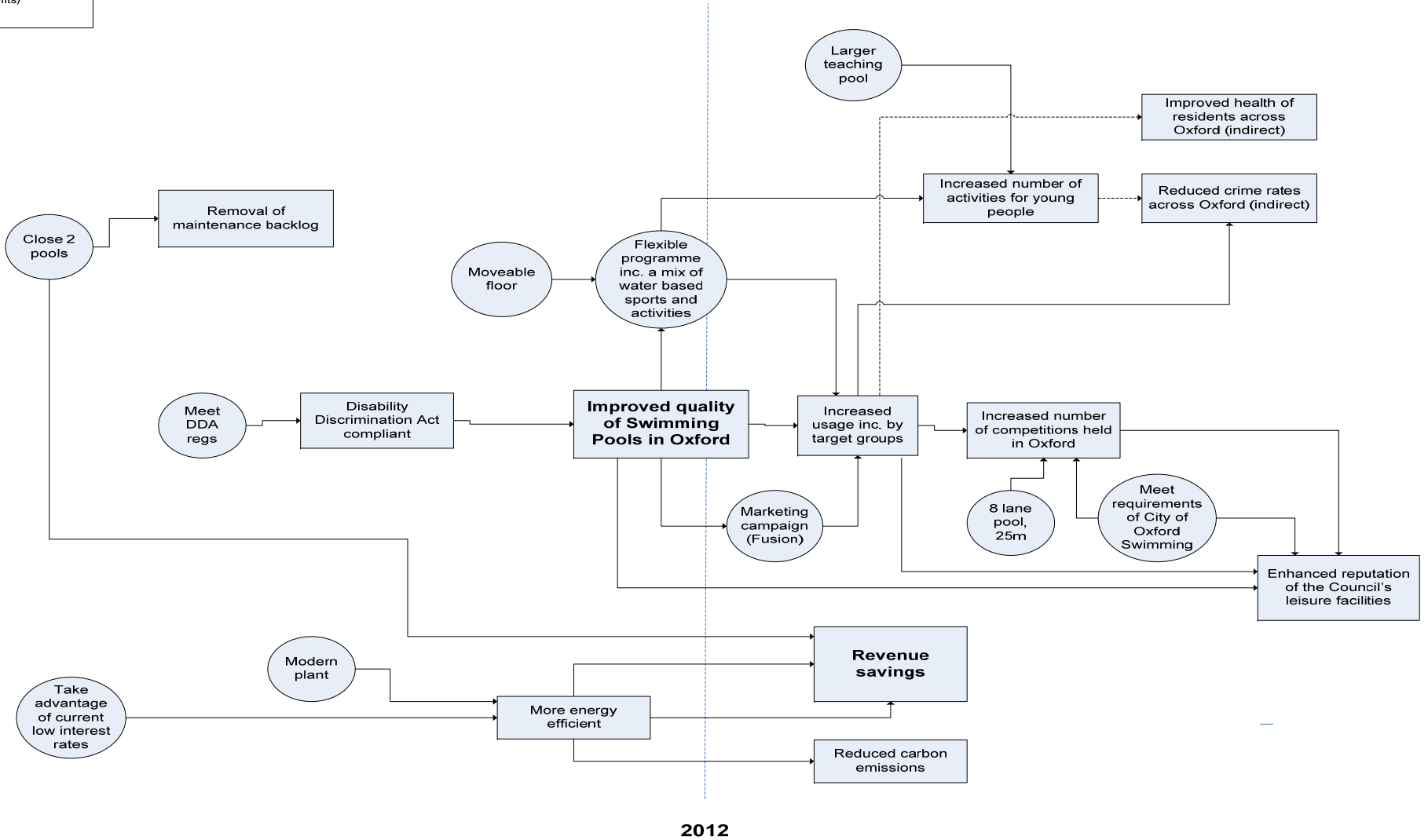
There are two main procurement elements to the project:

- Procurement of the project design team / project management (OGC framework)
- Procurement of the build contractor.

**Appendix 1 - Benefits Map**

**Key**  
 Circles – project outputs/activity  
 Box – project benefit (those in bold are key benefits)

Benefit map – Competition Pool



**Appendix 2 - Project Costs**

<b>Cashflow</b>		<b>£k</b>	<b>Years</b>																							
<b>Loan</b>	<b>over 19</b>	<b>Total</b>	<b>09/10</b>	<b>10/11</b>	<b>11/12</b>	<b>12/13</b>	<b>13/14</b>	<b>14/15</b>	<b>15/16</b>	<b>16/17</b>	<b>17/18</b>	<b>18/19</b>	<b>19/20</b>	<b>20/21</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>	<b>27/28</b>	<b>28/29</b>	<b>29/30</b>	<b>30/31</b>		
Initial Costs	Revenue	228	114	114	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Refined Design Costs	Capital	679	0	475	170	34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Build Costs	Capital	8,080	0	3,520	4,320	240	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Sale Proceeds	Capital	(1,500)	0	0	0	0	(1,500)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Decommissioning costs	Capital	200	0	0	0	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Revenue savings																										
BBLP	Revenue	(2,109)	0	0	0	(57)	(114)	(114)	(114)	(114)	(114)	(114)	(114)	(114)	(114)	(114)	(114)	(114)	(114)	(114)	(114)	(114)	(114)	(114)		
Temple Cowley	Revenue	(6,660)	0	0	0	(180)	(360)	(360)	(360)	(360)	(360)	(360)	(360)	(360)	(360)	(360)	(360)	(360)	(360)	(360)	(360)	(360)	(360)	(360)		
Revenue costs																										
New Pool	Revenue	2,813	0	0	0	113	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150		
Additional revenue savings in Fusion contract	Revenue	(1,381)	0	0	0	(100)	(168)	(156)	(170)	(100)	(87)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)		
Loan Receipts		(8,959)	0	(3,995)	(4,490)	(474)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Loan Repayments-capital	Capital	8,927	0	0	0	(62)	1,764	277	291	306	322	338	356	374	393	413	434	456	479	503	529	556	584	614		
Loan Repayments-interest	Revenue	4,839	0	94	360	445	371	358	344	329	313	297	279	261	242	222	201	179	156	132	106	79	51	21		
Net Cash Flow		5,157	114	208	360	258	211	143	155	141	211	224	261	261	261	261	261	261	261	261	261	261	261	261		
Maintenance foregone	costs	(2,600)	0	0	(1,075)	(325)	(385)	(275)	(230)	(170)	(100)	(40)	0	0	0	0	0	0	0	0	0	0	0	0		
Cashflow maintenance foregone	net of costs	2,557	114	208	(715)	(67)	(174)	(132)	(75)	(29)	111	184	261	261	261	261	261	261	261	261	261	261	261	261		
Discounted cashflow		767	109	193	(624)	(52)	(134)	(97)	(52)	(19)	68	107	143	135	127	120	113	107	101	95	89	84	80	75		
Revenue		(2,270)																								
Capital		4,827																								