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PETERBOROUGH CITY COUNCIL

CABINET

MONDAY 30 NOVEMBER 2020
10.00 AM

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AGENDA

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CABINET	AGENDA ITEM No. 4
30 NOVEMBER 2020	PUBLIC REPORT

Report of:	Wendi Ogle-Welbourn: Corporate Director, People and Communities	
Cabinet Member(s) responsible:	Lynne Ayres, Cabinet Member for Children's Services, Education, Skills and the University	
Contact Officer(s):	Lou Williams: Service Director, Children & Safeguarding	Tel. 01733 864139

REGIONAL ADOPTION AGENCY: CONFIRMATION OF ARRANGEMENTS

RECOMMENDATIONS	
FROM: Corporate Director, People and Communities	**Deadline date:** *N/A*
It is recommended that Cabinet authorises the Council to enter into a Partnership Agreement with Cambridgeshire County Council for the establishment of a regional adoption agency for the initial period of 1 December 2020 until 30 November 2030 and subject to a further extended period as agreed between the authorities.	

1. ORIGIN OF REPORT

1.1 This report is submitted to Cabinet following a referral from the Cabinet Member for Children's Services, Education, Skills and the University.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to confirm the arrangements for the Regional Adoption Agency, which includes adoption and post adoption services, and which is being established between Cambridgeshire County Council and Peterborough City Council.

2.2 All local authorities are required to establish Regional Adoption Agencies by 31 March 2021. Cabinet previously agreed in principle to the establishment of regional adoption arrangements between Peterborough and Cambridgeshire on 23rd July 2018.

2.2 This report is for Cabinet to consider under its Terms of Reference No. "3.2.1 To take collective responsibility for the delivery of all strategic Executive functions within the Council's Major Policy and Budget Framework and lead the Council's overall improvement programmes to deliver excellent services."

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	**NO**	If yes, date for Cabinet meeting	**N/A**

4. BACKGROUND AND KEY ISSUES

4.1 The government requires all local authorities to have established regional adoption arrangements by March 31 2021.

4.2 Cabinet previously agreed in principle to the establishment of a Regional Adoption Agency between Peterborough and Cambridgeshire in July 2018. At this time, the plan was for this agency to be operated by a Voluntary Adoption Agency following a procurement exercise.

4.3 The outcome of the procurement exercise was that no voluntary agencies successfully met the requirements. The two local authorities subsequently requested that the Department for Education agree that the two authorities continued to develop regional adoption arrangements, but with these now being hosted by Cambridgeshire County Council.

4.4 The Department for Education agreed to this request, which is very good news for adoption services for children in the two authorities. A partnership agreement between the two authorities has been developed that covers all aspects of the operation of the Regional Adoption Agency.

4.5 Under the arrangements, a small number of staff [around 10FTE] working within the current Peterborough Adoption Service will transfer to Cambridgeshire County Council under TUPE arrangements.

4.6 The development of this shared approach to adoption between the two councils meets the requirement of Government and fits very positively with the development of shared services within children's services more broadly.

4.7 Limiting regional adoption arrangements to Peterborough and Cambridgeshire means that the resulting adoption service remains very closely aligned to the rest of children's services in the two authorities. This is important, since adoption services need to be able to recruit adopters able to meet the needs of the profile of children coming into care. Early discussions between those parts of the service that are responsible for safeguarding children and adoption services result in less delay in matching children in need of adoption with suitable adoptive families.

4.8 The existing adoption services in the two authorities are both rated as 'Good' and bringing them together into a single service offers real opportunities to build on the strengths of each.

4.9 Joining the adoption services also means that we can build resilience across the two, and be in a better position to, for example, respond to requests for post adoption support from those who have been affected by adoption – most often adoptive parents who are experiencing some difficulties and are seeking support in meeting the needs of their children.

4.10 Both authorities will review the arrangements in the 6 months prior to March 31st 2022, and will agree on the long term arrangements for the services.

5. CONSULTATION

5.1 Staff affected by these proposals have been fully consulted.

5.2 An update relating to the plan for a Regional Adoption Agency to be hosted by Cambridgeshire County Council was included in the Children and Safeguarding Service Director Report to Children and Education Scrutiny in March 2020.

6. ANTICIPATED OUTCOMES OR IMPACT

6.1 Confirming the earlier agreement in principle to the development of the Regional Adoption Agency will benefit children in need of adoption, and enable us to provide better post adoption support. The Regional Adoption Agency will help to raise the profile of adoption locally, and children awaiting adoption in both authorities will benefit from a larger pool of adopters, from which suitable adopters can be identified to meet individual needs.

7. REASON FOR THE RECOMMENDATION

7.1 Government guidance is for all local authorities to establish regional adoption arrangements by March 31 2021. The Peterborough and Cambridgeshire Regional Adoption Agency satisfies these requirements and will deliver improved outcomes for children in need of adoption and others in need of post adoption support.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 As noted above, the original intention was to seek a Voluntary Adoption Agency to operate the Peterborough and Cambridgeshire Regional Adoption Agency on behalf of the two authorities. This could not progress as there were no suitable applications. The status quo is not an option since the Government required all authorities to develop regional adoption arrangements.

9. IMPLICATIONS

Financial Implications

9.1 The development of the Regional Adoption Agency is part of the broader sharing of services overseen through the shared services board. Taken together, the development of shared services including the Regional Adoption Agency delivers a small saving to Peterborough City Council.

Legal Implications

9.2 The Council is entering into the Partnership Agreement pursuant to its powers set out in;

- Section 1 Localism Act 2011;
- Section 101 (1)(b) Local Government Act 1972;
- Regulation 5 of the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations SI 2012/1019;
- Section 111 Local Government Act 1972;
- Section 1 Local Government (Contracts) Act 1997 (power to enter into contracts);
- The Education and Adoption Act 2016;
- Adoption and Children Act 2002;
- Children and Adoption Act 2006;
- Adoption Agencies Regulations 2005;
- Adoption Support Services Regulations 2005;
- Children Act 1989;
- Local Authority Social Services Act 1970;
- Special Guardianship Regulations 2005

Equalities Implications

9.3 There are no equalities implications arising from these proposals.

Carbon Impact Assessment

9.4 Neutral impact – while there may have been some benefit as a result of reduced patterns of visiting to children and families in the lockdown period, this is likely to be temporary and activities will revert to or close to historic levels as more usual patterns of working return.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

10.1 None

11. APPENDICES

11.1 None

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CABINET	AGENDA ITEM No. 5
30 NOVEMBER 2020	PUBLIC REPORT

Report of:	Acting Corporate Director of Resources	
Cabinet Member(s) responsible:	Councillor David Seaton, Cabinet Member for Finance	
Contact Officer(s):	Peter Carpenter, Acting Corporate Director of Resources Kirsty Nutton, Head of Corporate Finance	Tel. 452520 Tel. 384590

CIPFA FINANCIAL MANAGEMENT CODE

RECOMMENDATIONS	
FROM: Cabinet Member for Finance	**Deadline date: N/A**
It is recommended that Cabinet notes: 1. The contents of the CIPFA Financial Management Code. 2. The proposed approach to reviewing and reporting on the Councils compliance with the CIPFA Financial Management Code.	

1. ORIGIN OF REPORT

1.1 This report is submitted to Cabinet following discussion by the Corporate Management Team (CMT).

2. PURPOSE AND REASON FOR REPORT

2.1 **Purpose**
To inform Cabinet of the contents of the Financial Management Code, and the proposed approach to reviewing and reporting on the Council's compliance with the code.

2.2 This report is for Cabinet to consider under its Terms of Reference, 3.2.7, "To be responsible for the Council's overall budget and determine action required to ensure that the overall budget remains within the total cash limit."

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	**NO**	If yes, date for Cabinet meeting?	**N/A**

4. BACKGROUND

Overview

The Chartered Institute of Public Finance and Accountancy (CIPFA) published the Financial Management Code (FM Code) in October 2019. The FM Code provides guidance for good and sustainable financial management in local authorities, giving assurance that authorities are managing resources effectively.

The FM code requires the Council to demonstrate that the processes they have in place to satisfy the principles of good financial management, which is an essential part of ensuring that public sector finances are sustainable. The FM Code identifies risks to financial sustainability and introduces a framework of assurance. This framework is built on existing successful practices and sets explicit standards of financial management. Complying with the FM Code will help strengthen the framework that surrounds financial decision making.

The following diagram highlights how good financial management is the fundamental starting block towards improving financial resilience, which in turn, then aids in achieving financial sustainability.

The FM Code builds on elements of other CIPFA codes, such as The Prudential Code for Capital Finance, The Treasury Management in the Public Sector Code of Practice and The Code of Practice on Local Authority Accounting, which the Council already complies with. By following the essential aspects of the FM Code, it is expected that the Council can evidence how it's meeting important legislative requirements.

Complying with the standards set out in the FM Code is the collective responsibility of elected members, the chief finance (section 151) officer and their professional colleagues in the leadership team. The first full year of compliance will be 2021/22. This recognises that organisations will require time to reflect on the contents of the FM Code and allows them to use the 2020/21 financial year to demonstrate how they are working towards compliance.

The FM Code has been influenced by the position local authorities are currently operating in, with rising demand for services, tightening fiscal landscape and decreasing financial resilience. The Council, as highlighted within the Medium Term Financial Strategy, has continued to experience financial challenges as a result of the same factors influencing the development of the FM Code. This makes compliance with the FM Code ever more imperative for the Council in ensure there is a strong foundation in which to:

- Financially manage short, medium and long-term finances;
- Manage financial resilience to meet unforeseen demands on services;
- Manage unexpected shocks in financial circumstance (C-19 Pandemic being a more recent example).

Medium Term Financial Strategy
The FM code which promotes sustainability as one of it's key objectives, is imperative when considering the Council's current financial position. As reported in the MTFS 2021/22-2023/24 Phase One, the Council has been operating within a challenging financial climate for some time following years of austerity measures, low funding and rising demand for Council services. Over the last two years, the Council has been working with the Local Government Association, its auditors, and external financial specialists to deliver a sustainable financial strategy.

The Council will be able to use the detailed standards in Appendix A to demonstrate current good practices in areas whereby it is already compliant and identify areas whereby compliance is weak. Action plans can then be devised to ensure the Council is fully compliant. The council has been actively seeking sustainability and resilience and the council's MTFS outlines the Council's position on this.

Value for Money (VFM)
As part of the audit of the 2019/20 Statement of Accounts, the Council's auditors, Ernst and Young (EY) have completed an enhanced evaluation of the Councils VFM and Financial resilience. This approach has been adopted for similar reasons the FM Code was developed. In addition to this, it takes on board enhanced guidance from the

National Audit Office and was developed considering the C-19 pandemic and the EU exit, recognising the economic shock of these events would have a detrimental impact on Council finances.

The review has focussed on how the Council has put ‘proper arrangements’ in place to secure economy, efficiency and effective use of its resources. In the first phase EY have thoroughly reviewed the Councils Medium Term Financial Strategy, including the approach taken, assumptions included and assessing the risks mitigating actions identified. In the second phase they have focussed on the in-year financial performance, robustness and delivery of savings plans, and the governance processes that support these.

The Council’s VFM auditing requirements are intrinsically linked to that of the requirements outlined within the FM Code. The Council can utilise the FM Code to support future VFM assessments, demonstrating resources have been allocated effectively to provide services which reflect value for money. The Council needs to ensure there is a clear sense of the ‘value’ of what it is trying to achieve and ensure that resources are effectively used to ensure the delivery of the following ‘Es’:

Economy	Efficiency	Effectiveness	Equity
• Spending less • Measure of resources • Lowest cost possible- subject to maintaining standards.	• Spending well • How well the authority transfers these inputs into outputs	• Spending wisely • Desired positive impact on peoples lives. • Generating the desired outcomes it wants to achieve.	• Spending Fairly • Accessible to all those who could benefit from them • Recognising the structural inequality inherent in society and taking proactive steps to address it

5. FINANCIAL MANAGEMENT CODE

The FM Code establishes an approach based on six principles of good financial management:

1. Organisational Leadership demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.

2. Accountability based on medium term financial planning, driving the annual budget process, supported by effective risk management, quality supporting data and whole life costs.

3. Transparency at the core of financial management, using consistent, meaningful and understandable data, reported frequently, with evidence of periodic officer action and elected member decision making.

4. Professional Standards promoted by the leadership team, with adherence evidenced.

5. Assurance recognised as an effective tool, mainstreamed into financial management, including political scrutiny and the results of both external audit, internal audit and inspection.

6. Long-Term Sustainability at the heart of all local services’ financial management processes, evidenced by the prudent use of public resources.

Explicit standards of financial management are also set out by the FM Code. These are the minimum standards which must be adhered to for the Council to demonstrate its compliance with the FM Code. The standards articulate the practical application of the principles of financial management based on the requirements of primary legislation, associated CIPFA codes and guidance on professional codes of practice and ethics. Whilst compliance with the standards is mandatory, the FM Code is principles based and does not prescribe how they should be achieved. There is flexibility within the approach that can be taken by Local Authorities in recognition that organisations are very different in terms of size, structure, legislative and governance structure. The FM Code guidance provides options on best practice approaches.

The key areas covered by the standards include:

- The responsibilities of the chief financial officer and leadership team.
- Governance and financial management style.
- Long to medium-term financial management.
- The annual budget.
- Stakeholder engagement and business plans.
- Monitoring financial performance.
- External financial reporting.

Further details on the standards are outlined in Appendix A.

6. CONSULTATION

Not Applicable

7. ANTICIPATED OUTCOMES OR IMPACT

The Council will review its current processes, procedures and governance arrangements, to understand where it is already compliant with the FM Code standards and to identify any areas where compliance can be enhanced.

In order to demonstrate conformity with the FM Code's standards, an assessment by the Corporate Finance Team will be carried out and a register established to monitor and report on the Council's compliance. This will compile evidence to demonstrate compliance and will include referencing the applicable parts of the Council's:

- Constitution, including the Financial Regulations and Budget Policy Framework;
- Governance structure;
- Financial documents;
- Financial reporting processes and practices;
- Performance reporting.

The register will outline against each of the standards what compliance looks like and how the Council currently performs (evidences) against this, including reference to the documents noted above. Following review where evidence is found to be weak or non-compliant the Council will develop actions which will cover the short, medium and long term, to take account of the differing timelines relevant to achieving these requirements. Each action will be allocated to a Responsible Officer (RO) and progress towards achieving these will be monitored by the Chief Finance Officer.

An initial detailed action plan will be included within the Medium-Term Financial Strategy 2021/22-2023/24

Phase Two document, which will be reported to Cabinet in February.

Following this initial report to Cabinet, the Audit Committee will then receive regular reports on progress towards achieving compliance with the FM Code, including recommendation for additional or enhanced practices where appropriate.

8. REASON FOR THE RECOMMENDATION

The CIPFA FM Code is a requirement for all local authorities and as such the Council must demonstrate full compliance in 2021/22.

9. ALTERNATIVE OPTIONS CONSIDERED

No alternative option has been considered

10. IMPLICATIONS

10.1 **Elected Members**

Members must have regard to the advice of the Chief Financial (Section 151) Officer

10.3 **Legal Implications**

Whilst compliance with the code is not a statutory duty in itself, failure to comply could be viewed as not meeting existing statutory duties.

10.4 **Human Resources**

Not Applicable

10.5 **Equality Impact Assessments**

Not Applicable

10.6 **Carbon Impact Assessments**

Not Applicable

11. BACKGROUND DOCUMENTS

Medium Term Financial Strategy
Draft Ernest & Young Audit Result Report

12. APPENDICES

Appendix A– Financial Management Code Standards

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Appendix A – Financial Management Code Standards

Section	Standards
1	**The Responsibilities of the Chief Finance Officer and Leadership Team**
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money
B	The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government
2	**Governance and Financial Management Style**
C	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.
D	The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)
E	The Financial Management Style of the authority supports financial sustainability
3	**Long to Medium Term Financial Management**
F	The authority has carried out a credible and transparent Financial Resilience Assessment
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to Members
H	The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities
I	The authority has a rolling multi-year Medium Term Financial Plan consistent with sustainable service plans
4	**The Annual Budget**
J	The authority complies with its statutory obligations in respect of the budget setting process
K	The budget report includes a statement by the Chief Finance Officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves
5	**Stakeholder Engagement and Business Plans**
L	The authority has engaged where appropriate with key stakeholders in developing its long term financial strategy, medium term financial plan and annual budget
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions
6	**Monitoring Financial Performance**
N	The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability
O	The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability
7	**External Financial Reporting**
P	The Chief Finance Officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom
Q	The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions

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CABINET	AGENDA ITEM No. 7
30 NOVEMBER 2020	PUBLIC REPORT

Report of:	Steve Cox, Executive Director of Place and Economy	
Cabinet Member Responsible	Cllr Steve Allen, Cabinet Member for Housing, Culture and Recreation	
Contact Officer(s):	Dave Anderson, Interim Development Director	Tel. 07810 839657

REPLACING THE REGIONAL POOL

RECOMMENDATIONS	
FROM: Cabinet	**Deadline date:** N/A

It is recommended that Cabinet:

1. Subject to Recommendation 2 below and contingent on Council independent best value sign off, approve the purchase of a new Regional Pool facility on Pleasure Fair Meadows from the Peterborough Investment Partnership (PIP), as per the PIP's specification set out in the report.
2. Recommend to Full Council an amendment to the Council's budget to include capital purchase costs up to the level indicated in this report of £38m, subject to Recommendation 4.
3. Approve an investment into PIP of up to 49% of the project development costs set out in this report (up to £19m).
4. Delegate authority to the Executive Director of Place and Economy, in consultation with the Director of Law and Governance and Director of Resources to negotiate the terms of the investment and enter the necessary legal documents to facilitate the delivery of this project.

1. PURPOSE AND REASON FOR REPORT

1.1 The purpose of this report is to make recommendations to Cabinet about the replacement of the existing Regional Pool facility, which is nearing the end of its life. The report is being presented following approval of a September CMDN on progressing work to develop a detailed assessment and business case for the replacement of the regional pool.

1.2 This report is for Cabinet to consider under its Terms of Reference No. 3.2.1, *'To take collective responsibility for the delivery of all strategic Executive functions within the Council's Major Policy and Budget Framework and lead the Council's overall improvement programmes to deliver excellent services.'*

2. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	**NO**	If yes, date for Cabinet meeting	**N/A**

3. BACKGROUND AND KEY ISSUES

3.1 In September 2020 a Cabinet Member Decision Notice (CMDN) was published that:

1. Endorsed the conclusions of an analysis supporting the case for replacing the existing Regional Pool facility.
2. Approved the selection of Pleasure Fair Meadows as the preferred location for a new Regional Pool leisure facility, subject to a detailed business case being developed.
3. Instructed Council officers to develop a detailed business case, working with Peterborough Investment Partnership.

3.2 This work, which was led and commissioned by the Peterborough Investment Partnership, has now been completed and includes:

a) Summarising the work undertaken to review and appraise the options for a new facility at Pleasure Fair Meadows.
b) A detailed business case based on the Treasury's "five case" model, attached as annex 1a to this Cabinet Report
c) A detailed feasibility assessment of pool replacement options by specialist sports and leisure consultants SLC (attached as Annex 1b).

3.3 In the period since the September 2020 CMDN was approved, arrangements with Vivacity for managing the city's public leisure and culture facilities have come to an end and management of the Council's leisure operations has transferred to Peterborough Limited. Longer-term options for operating the Council's leisure facilities are under review, including the Council's future Leisure Strategy. This report therefore leaves options for operating the proposed facility subject to the conclusions of the review and new Strategy.

3.4 The Regional Pool was built in 1976 and is reaching the end of its effective operational life as a leisure centre. Keeping it open for the next decade is not cost effective as significant additional short terms works are needed to keep the premises open and there would still be a need to procure and finance a replacement facility. The plant and equipment in the Regional Pool are ageing and the facilities on offer fall short of what is now commonly expected by users. It is no longer wholly fit for purpose.

3.5 The site occupied by the Regional Pool is adjacent to the area allocated for the city's university development. While the plant and equipment within the building is approaching end of life the building itself is structurally sound and could potentially be repurposed for University related uses. A review conducted in 2017, funded by Sports England, indicated that Peterborough has a shortage of 9X25m swimming pool lanes relative to the English average level of provision per head of population and given the anticipated growth of the city this shortfall could rise to 14 lanes by 2035 (equivalent to two additional pools).

3.6 The replacement of the Regional Pool therefore needs to be viewed against the wider context of the Council's review of its leisure facilities and its built facilities strategy within which the creation of a new Swimming Centre at Werrington is also being investigated. The research evidence is clear that the city can easily sustain two 25m Swimming Pools and in due course is likely to need a third. The approach taken by PIP to develop business case has set out:

a) To establish the strategic case for replacing the Regional Pool taking account of user demand and relevant Council and Government policies on Sports development. The work has been done by subject matter experts who have reviewed the options open to the Council. Their findings reinforce those of earlier studies and highlight an underlying shortfall of wet-side leisure space, a view shared by external bodies such as Sports England and Swim England.
b) To assess the wider economic case for re-provision, taking account of how a new facility can address user needs and become an asset for the city.
c) To consider the commercial case and rationale for providing a new Leisure Facility.
d) To explore the financial case for the council, assessing the financial implications of the main options of continuing with the Regional Pool to the end of its life versus two options

for a new Pool. The financial case sets out detailed income and operational cost forecasts prepared by external subject matter experts.

3.7 The assessment of demand undertaken by the consultants has led to two facility 'mixes' for a new centre: an 'essential' mix (viewed to be the minimum required for a modern replacement) and an 'optimal' mix (which builds on the minimal specification and extends it). The consultants looked at how each of the mixes would affect financial performance. The mix options are summarised below:

- **Essential**: 8 lane, 25m pool with 300 spectator seats; 15mx10m teaching pool; sauna and relaxation; 150-station gym; 2 exercise studios of 40-person capacity; 1 spin studio of 20-person capacity; café.
- **Optional**: 8 lane, 25m pool with 300 spectator seats; 17mx15m teaching pool; sauna and relaxation; 350sqm of leisure water, with water features and toddler splash area; 175-station gym; 2 exercise studios of 40-person capacity; 1 yoga studio of 20-person capacity; 1 spin studio of 20-person capacity; 4-court sports hall; soft-play area; possible clip-n-climb; café

3.8 A detailed business case is attached at Annex 1a and 1b to this report. The conclusions can be summarised as follows:

1. There is a clear, demonstrable and evidenced need for increased leisure provision in the city; this need is supported by the Council's existing policies and strategies, the analysis undertaken by the external consultants (SLC), and by Sports England and Swim England.
2. It is not in the city's nor the Council's best interests from either a public health or financial perspective, to continue investing in the existing Regional Pool facility without a clear, long-term strategy for replacing this well-used and much-needed asset.
3. The existing Regional Pool is nearing the end of its useful operational life and its closure without a replacement would have significant negative impacts.
4. The development of a new facility on Pleasure Fair Meadows offers an opportunity to replace the Regional Pool in a timely fashion with a modern, fit for purpose centre that will help to meet identified user needs.
5. It is more cost effective to invest in new facilities now rather than sink costs in existing facilities that will need replacing in the medium term.
6. Given the extended range of facilities within the Optimal Mix and that its overall costs over fifteen years is of the same order as the less well-equipped Essential Mix, the best value option, despite higher capital costs, is the Optimal Mix. The headline financial forecasts for each option are as follows:
    - **Essential Mix**: based on a purchase price of c£26m, this type centre would make a net annual loss in the first 15 years of c£350k per annum; over the 40-year life[1] this might reduce to an annual loss of around £100k on average
    - **Optimal Mix**: based on a purchase price of c£38m, this type of centre would make a net annual loss in the first 15 years of c£400k per annum; over the 40-year life, it is possible that the facility is overall broadly cost-neutral

3.9 The losses indicated are not operating losses but take into full account the need for the Council to borrow money to fund the purchase and therefore to repay the money which will need to be borrowed for this purpose:

a) The full ongoing costs for this new facility, if purchased from the PIP will need to be break even to comply with the Invest to Save criterion of the Council capital investment.
b) The 'social good' benefits of the Regional Pool would be lost if it were to close and no replacement is ready. These include health benefits in a community that already has

[1] It should be stressed that projecting out 40 years is a highly imprecise science, and is intended to be indicative. It only increases costs and income on a 2% inflationary basis annually. SLC have noted that the annual performance of the facilities as projected, even over the 15 years, is good for public, walk-in (as opposed to private, member-only) leisure centres.

below average life expectancies, with potentially negative consequences for other parts of the public sector (such as the NHS)

c) SLC's report notes that "assuming that the Council agree that there is a strategic need to replace the facility at some point…best value would be achieved by making that investment immediately rather than sinking further cost into sustaining an old, inefficient and sub-optimal facility".

d) Council's borrowing rates are at a near all-time low, and it is likely they will rise in future, potentially leading to increased costs for reprovision if a decision on replacement is delayed.

Project Procurement and Delivery

3.10 A number of sites in the City centre have been assessed as set out in Appendix A. These sites have included:

a) Wellington Street Car Park;
b) Northminster;
c) North Westgate;
d) Mayors Walk;
e) Maskew Avenue;
f) Pleasure Fair Meadows Car Park.

3.11 The Analysis on pages 15 to 19 in Appendix A set out the relative strengths of each of the options and it is clear from this that as a city centre location, the Pleasure Fair Meadows Car Park is the best option.

3.12 P.I.P (Pleasure Fairs) Limited owns the freehold of Pleasure Fair Meadows site which is zoned for development including leisure related uses. The site was leased back to the Council for the continued use of the land as a car park for a term of 5 years which expires on 24th November 2020. There is a right to renew the lease for a further 5 year term if P.I.P have not applied for the grant of planning permission for development of the site. The terms of the new lease are on the same terms (except the right to a renewal) and will include a break clause in favour of P.I.P so that the lease can be terminated at any time after outline planning permission is granted upon 6 months' notice.

3.13 The Council is a co-owner of the PIP and would benefit as shareholder from dividends distributed from any profit on construction costs. It is proposed that the Council would enter a contractual arrangement to acquire the completed site from the PIP once the PIP has obtained the necessary planning consents and completed the construction of the proposed leisure centre[2].

The decision on how best to procure the Facility will be for the PIP to determine. The two main options for doing this are:

a) A standard procured design and build contract, funded by its partners.
b) A procured design, build and finance contract, where the contractor finances the build process themselves based on PIP paying a single, completion payment.

3.14 It is too early for PIP to determine the best route. Market considerations will affect contractor appetite for option (b). In the case of option (a) the Council would have the right – but not the obligation – to participate as a funder of the build process. Profits generated by the PIP are shared between the partners according to the ratio of each partner's investment, so if the Council were to invest 49% of the development costs then the Council would receive 49% of any development profit. This has worked well on Fletton Quays and is a tried and tested model.

3.15 Should Cabinet, and subsequently Council, approve the recommended approach to procuring a new pool and leisure centre through an agreement with the PIP, it would be necessary to prepare

[2] The Council could choose to lease the facility from PIP instead of acquiring it, but this is likely to be disadvantageous to the Council and cost more over time. The Council currently leases the site with the lease ending on 24.11.20

the appropriate legal and contractual documentation and building specifications for the Council to review.

4. CONSULTATION

4.1 None.

5. IMPLICATIONS

Financial Implications

5.1 It is clear from the reports, and an understanding of the facilities that the Regional Pool is very near the end of its useful life, and given the impending arrival of the university and ongoing costs to keep it open, now is the opportune time to replace. It is also clear from the draft business case that the Optimal solution would be of more benefit to Peterborough than the Essential option (financially and operationally).

The report asks Members to financially:

1. Approve the purchase by the Council, subject to best value sign off, from the Peterborough Investment Partnership (PIP), of a new Regional Pool facility on Pleasure Fair Meadows to the specification set out in this report, once the pool is built:
2. Recommend to full Council an amendment to the Council's budget to include capital purchase costs up to the level indicated in this report. This is set at £38m as an estimate. This funding is forecast to be required in 2 Years, following completion of the build.
3. Approve an investment into PIP of up to 49% of the project development costs set out in this report up to a value of £19m. This financing will be drawn down as per an agreed project drawdown schedule over the next 2 years.

We have a draft business case produced by SLC for the build requirements. In the previous section, we set out that it would be necessary to prepare the appropriate legal and contractual documentation, which PIP will do and the Council will enter into. As such, the present estimated build costs of circa £38m might well change. If the Council were to invest in the build of the facility, the Council's percentage investment could vary from 0% to 49%.

As part of the investment option the Council needs to understand:

1) What the rate of return/dividend will be for its investment;
2) The final magnitude of its investment.

This will need to be included in the legal and contractual documentation.

This report also sets out that the Council will purchase the facility from the PIP on completion. To do this, and also comply with best value and external scrutiny, there will be the requirement for the Council, before the transaction, to independently value the completed building to ensure VFM on its final purchase price.

Legal Implications

5.2 Statutory authority for the acquisition of the land is given by Section 120 of the Local Government Act 1972 which authorises the Council to acquire land for the purposes of any of its statutory functions or for the benefit improvement or development of their area.

The Council has to be and is conscious of its obligations under the Public Contracts Regulations 2015 (PCR). The Council's membership of PIP was established following detailed legal advice and has put in place a structure which correctly allows the Council to enter into property transactions which are not themselves subject to further competitions under the PCR. Legal documentation must be carefully drafted to ensure that the Council does nothing to bring these arrangements, discussed in this report, into the ambit of the PCR.

Carbon Impact Assessment

5.3 The goal for design and construction will be to produce a facility with significantly lower carbon impacts than the current regional pool. Therefore, the impact is neutral at this stage.

6. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

6.1 None.

7. APPENDICES

7.1 Appendix 1 – New Leisure Centre Business Care
Appendix 2 – SLC Regional Pool Feasibility Study Report

Leisure Centre Re-Provision: A Business Case

October 2020

Contents

Document Purpose and Approach

This document provides the business case for the re-provision of the existing regional pool centre facilities, recognising that the existing facility is reaching the end of its life as it stands and represents a liability to the Council, economically and reputationally. It assesses the case for the re-provision of the facility, the fit this has to Council and wider national policy. the economics involved on a strategic and commercial basis, and the options for delivery, whilst highlighting risks and mitigations. This document also serves as a Project Plan, outlining how the facility might be delivered as a project by the Peterborough Investment Partnership, the Council's regeneration joint venture.

The Government's Treasury Green Book best practice guidance on business case production has been used as a basis for the development of this document. As a result, the document is split into sections consistent with the Green Book, though some take a slightly different approach given the context for this project. Each section is designed to address different questions:

1. Section 1, the Strategic Case: what is the case for change and its relevance to strategic goals?
2. Section 2, the Economic Case: what are the options and which delivers best overall 'value' to the city and its populace, given wider economic, social and environmental benefits?
3. Section 3, the Commercial Case: what is the recommended delivery mechanism, how will this work in practice on a fair basis, and how does it manage risk?
4. Section 4: the Financial Case: what are the financial implications to the Council by taking this forward in comparison to business as usual?
5. Section 5: the Management Case: assuming the project is implemented, how will the outcomes for the duration of a new facility be achieved; how will the new centre be run effectively?

Finally, attached as an Annex to this report is a detailed feasibility study on the regional pool replacement options by specialist leisure consultants SLC, who were appointed to assess demand, validate the proposed mix of facilities a new centre could have in light of this demand, and develop detailed financial models for any replacement (including capital costs, running costs, income and so on). Areas of this work are referenced at points throughout this document.

Executive Summary

The existing Regional Pool was built in 1976 and is reaching the end of its effective life as a leisure centre. Keeping it open for the next decade is forecast to cost the Council £1.3m a year, and that would still leave the question of a long-term solution (and financing it) outstanding. Even were that acceptable, the age of the facilities present and the range of what is available falls well-short of what is commonly expected by consumers in a modern leisure centre. Specialist leisure consultants SLC conclude that:

> *"Low energy efficiency and high operating costs together with the extensive lifecycle works identified through the condition surveys means that the Regional Pool is reaching the end of its economic life. This combined with the importance of publicly accessible swimming pool-space and the identified need for future provision means that the strategic case for a replacement facility is clear."*

The demand for leisure space across the city to be increased – especially for public pool space – is a matter of record, both in terms of the Council's own strategies and external bodies such as Sports England. There is a strong national and local policy stance that supports leisure provision, and demonstrable health and wellbeing gains to be had from doing so. This business case shows that the most appropriate time to replace the Region Pool is now, both in terms of economics for the Council and in addressing demonstrable need at a time when health and wellbeing have never been higher on the local and national agenda. Section one of this report provides more detail on this.

The Regional Pool does not in its current form meet the needs of modern Peterborough. The existing pool (despite its limitations) remains an important leisure asset, delivering recreational swimming and important teaching facilities. It is in high-demand, as the only public non-membership 25m pool in the city. An analysis of a range of suitable sites leads to the conclusion that the current Pleasure Fair Meadows Car Park is on balance the best location for reprovision of such a facility in the short-term, partly relating to its timeliness in availability, its strategic location with regards access, connectivity and prominence, and the effective influence that Council has on its development.

The Peterborough Investment Partnership (PIP) has offered to develop and sell a completed leisure centre to the Council on this site. This would see the Council pre-purchase the asset from PIP subject to its construction and obtaining planning consent. The Council transfers development risk to PIP for this, and enjoys the double-protection of its co-ownership and 50% board membership. The Council will also benefit from any profit from this scheme in the same way as it has, very successfully, done on Fletton Quays. Section three of this report discusses this aspect in more detail.

A detailed needs assessment, factoring in consideration of the mix of facilities that best support the economic viability and performance of a new leisure centre, has led to two options for a centre at the Pleasure Fair Meadows car park site.

- **Essential**: 8 lane, 25m pool with 300 spectator seats; 15mx10m teaching pool; sauna and relaxation; 150-station gym; 2 exercise studios of 40-person capacity; 1 spin studio of 20-person capacity; café.
- **Optional**: 8 lane, 25m pool with 300 spectator seats; 17mx15m teaching pool; sauna and relaxation; 350sqm of leisure water, with water features and toddler splash area; 175-station gym; 2 exercise studios of 40-person capacity; 1 yoga studio of 20-person capacity; 1 spin studio of 20-person capacity; 4-court sports hall; soft-play area; possible clip-n-climb; café

The ability for the site to continue with public parking would be retained, with the likely numbers of spaces to be between 230 and 300; this would be finalised as designs developed.

The capital purchase costs of these options would fall within the ranges of £26m to £28m for the essential mix and £38m to £40m for the optimal mix. Section 4 of this document provides an overview of the highly-detailed modelling the external consultants SLC have provided on how this cost is made up, as well as expert assessment of prudent operating costs and income forecasts.

SLC's financial modelling for the bottom-line position for the Council proceeding to pre-purchase the two facility types are below. This takes into account the adjustment for parking revenue as described above.

- **Essential Mix**: based on a purchase price of c£26m, a net annual loss in the first 15 years of c£350k per annum; over the 40-year life[1] this might reduce to an annual loss of £100k on average
- **Optimal Mix**: based on a purchase price of £38m, a net annual loss in the first 15 years of c£400k per annum; over the 40-year life, it is possible that the facility is cost-neutral.

The clear recommendations of this business case are that:

a) Further investment in the Regional Pool should be avoided, in favour of the provision of a new facility
b) That facility should be specified in line with the Optimal Mix detailed in this paper
c) Pleasure Fair Meadows represents a timely and highly appropriate site for the new facility
d) The Council should work with the Peterborough Investment Partnership to develop this facility there

[1] It should be stressed that projecting out 40 years is a highly imprecise science, and is intended to be indicative. It only increases costs and income on a 2% inflationary basis annually. SLC have noted that the annual performance of the facilities as projected, even over the 15 years, is good for public, walk-in (as opposed to private, member-only) leisure centres.

Section 1: The Strategic Case

This section provides needs analysis, policy and strategic context for the re-provision of city centre leisure facilities to replace the Regional Pool.

Business as Usual: The Current Context

This section details key characteristics about current provision at the regional pool facility, including details of the user-base. It will discuss the extent to which the existing facility adequately meets its current user needs as well as the wider needs identified above. In doing so, it is sensible to start with some basic characteristics of the existing facility:

1. The Regional Pool was built in 1976, with its last major refurbishment in 2011
2. Its current offer comprises three main 'wet' facilities and some gym offer, specifically:
    a. A six-lane 25 metre pool
    b. A 13m x 12.5m diving pool
    c. A 16m x 8m teaching/learner pool
    d. A 90-station fitness suite.
3. There is no café facilities or sports hall at this site and overall, the facility is tired, the changing rooms are rated as below average by KKP and Sports England, and the façade is dated. The SLC review highlights that "usage and financial performance is significantly below what would be expected from a comparable modern leisure facility in a number of key areas"; it is highly likely that the age of the Regional Pool and the limited range of facilities within it contribute to this notably.
4. It was operated until recently under the culture and leisure contract with Vivacity, which saw the Council remain responsible for maintenance and utilities. These have been increasing costs as the facility has aged.
5. The condition survey in 2016 notes that it was assumed to be at the end of design life as a facility of this type and age, and a more recent 2020 assessment highlights £6m of capital investment needed simply to keep the facility operating over the next decade.
6. Over the next ten years, the SLC assessment shows the Council will need to invest c£13.2m (including the capital investment above) to keep the existing facility running.

A SWOT analysis of the Regional Pool is provided in Appendix One.

The Regional Pool is the only public pool open all day every day for residents to use as pay and go users. If this facility was to fail and close without a replacement ready many thousands of users would be without somewhere to train, socialise and improve their wellbeing. Sport England commissioned a report in 2017 in partnership with the Council and this clearly highlights that for a city the size of Peterborough there should be three public 25m pools for residents to use, especially with the significant growth over the coming years that is forecast. It is noteworthy that when the report was commissioned, the city's population was about 190,000, is today about 205,000, and is forecast to be 230,000 within the next ten years.

Currently over 25 primary schools use the facility during term times to meet key stage 2 requirements that all students before leaving primary school can confidently swim 25m. Along with this there are over 1,000 students taking part in the learn to swim programme on a weekly basis. This is a rolling programme from when they are four years of age to teach children water safety and confidence, and there are then options to develop into club coaching, junior life saving or general confidence sessions.

Along with the schools, the City of Peterborough Swimming Club use the facility as their main training facility. They currently hire over 20 hours of poos space per week and would have no immediate alternative venue to hire locally. The club has 126 members and is one of the smallest in the country: they are currently ranked 10th in the England non-affiliated, Cambridgeshire's premier competitive swimming club. COPs are a partnership between Peterborough City Council, Vivacity and the City of Peterborough Swimming Club. The aim is to compete at the highest levels in the sport and within their squads they have International swimmers and National medallists. They also compete at County and Regional levels and travel widely to attend various open meets throughout the year.

The existing facility is used by many user groups that might struggle to find alternative facilities if the existing Regional Pool was to close without a replacement:

- NHS – Rehabilitation classes for a variety of conditions are provided, including cardiac and pulmonary conditions, cancer, and stroke, as well as treating obesity, and falls prevention work
- Army Reserves – Active personal can use the facilities to support their fitness and wellbeing to help with the voluntary work they undertake.
- Disability groups – The centre has many groups and individuals that have needs, these range from visual impairment and sight impaired groups to individuals that need careers or 1-1 training with trained professionals.
- Schools and Colleges – Both use the facilities through the year for specific training in the pool or the gym/studios.
- Fire Brigade – Dogsthorpe, Stanground and Yaxley brigades use the plant room spaces monthly to support their training development especially with new recruits. Once a year they also use the facility for mass evacuation training sessions.
- Holiday Club Activity – During school holidays the facility offers child care for children aged between 8yrs and 15yrs whilst schools are closed. This is a popular and required service that would be lost if the facility closed with no replacement on offer.

The current facility as outlined by Sport England is tired and needs investment. The customer journey is suboptimal, with a relatively uninviting car park and walk to the centre, the reception is not centrally located and the changing rooms on the first floor are dated and with few showers. The activity offer itself is limited; leisure and facilities have moved on significantly in the past 10 years and customer expectations for breadth of activities (especially family friendly) and quality of those are higher, but due to the design layout the facility cannot easily be reconfigured to offer activities such as splash pools, slides, clip 'n' climb, competitive socialising or virtual activities.

Given the Council's commitment to tackling climate change, including its declaration of a climate emergency, it also cannot be ignored that the Regional Pool (primarily due to its age and design) is not very energy efficient. It uses annually about 3,400,000kWh of energy and generates total emissions of about 700 tonnes of carbon dioxide. Any modern facility, as is the case with most new buildings, will be much more efficient.

Leisure Needs Assessments for Peterborough

Facility Requirements

The Council developed an Indoor Built Facilities Strategy with Knight, Kavanagh and Page (KKP) consultants in 2017. The 20-year strategy is based on an assessment of need for sports and leisure facilities to serve the current and future population of Peterborough. It considers the existing and planned supply of facilities across the city and balances this with the current provision and future demand for facilities in order to identify shortfalls or surpluses of provision.

In summary, swimming pools are popular in Peterborough, but the city has a relatively poor supply of water space in comparison to the national average and the overall quality of pools in the area is a concern, especially with a view to provision in the longer term. Publicly accessible pools are at a capacity, limiting their ability to meet existing and future demand for swimming activities. The Facility Planning Model (FPM) indicates a current undersupply equivalent to 9 x 25m lanes and this is projected to increase to 14 x 25m lanes by 2036. This is borne out by the detailed analysis by SLC, though they deepen this analysis (explained below) that this is across the city as a whole for ideally balancing supply and demand.

Sports Halls are also undersupplied by a size equivalent to four badminton courts size and this shortage is projected to increase to 13 courts equivalent size by 2036. Many sports including badminton, basketball, handball, indoor cricket and wheeled sports all require space so that they can retain their existing participants and increase participation.

Health and Fitness provision, such as gym space, is generally at a good level across the city and there was no modelled shortfall in the current supply. However, the fitness market is continuing to grow and the Indoor Built Facility Strategy suggests that additional future provision should be considered. This builds upon and reflects the conclusions identified in the Assessment Report (January 2017) and Sport England's recently released five-year strategy 'Towards an Active Nation' which will target the 28% of people who do less than 30 minutes of exercise each week and focus on less active groups. These are typically women, the disabled and people from lower socio-economic backgrounds.

SLC's commentary on Health and Fitness provision confirms much of the above, also noting that the existing membership base – whilst small for a facility of the Regional Pool's type and size – serves as a good starting point for a new facility to build on. They note that a "new, well-designed facility of the right quality would be expected to capture significant market share, both by virtue of it being a new and attractive facility to potential customers, and as a result of its more extensive leisure offer (i.e. wet and dry facilities) compared with most of the local competing facilities".

The Council's strategy (and the accompanying action plan) provides a clear, coherent way forward for the management and delivery of leisure and sports facilities in Peterborough. The primary focus is to enable residents to gain access to leisure facilities to support sport and physical activity programmes that lead to increases in regular participation, taking account of the projected changes in age profile of the population in Peterborough up until 2037.

Demand Patterns

The Regional Pool is, as noted previously, the main public swimming facility in the city. Its water space faces substantial capacity issues at peak demand times. Both the FPM and KKP's assessment report indicate a current shortfall of the equivalent of at least nine lanes of 25m swimming pool space as well as a shortfall of four sports courts (the equivalent of one sports hall). Swimming pool demand is also expected to grow by an additional five lanes up until 2036 according to Sport England's Sports Facilities Calculator. Sports hall demand is modelled to grow by nine additional badminton courts by 2036.

It is important to note that this swimming space shortfall is assessed across the city as a whole, and some of it is location driven; in other words, the gap is because there is not available space in a particular part of the city, and simply providing nine 25m lanes in one location would not address all 'local' gaps in provision. The SLC report does note that the area of single greatest need as a location is the city centre, and that is even with the existing Regional Pool facility.

The SLC report also notes that there is conflicting demand at the existing Regional Pool facility from the need for swimming lessons vs the ability to provide pool space for casual, leisure swimmers. Simply put, the demand for lessons (which are still undersupplied significantly currently) has increased to where there is insufficient space for leisure swimming in the facility. Despite the expansion of the swimming lesson programme (and an increase in income accordingly) there remains significant potential for further expansion to address undersupply, but such expansion is subject to the availability of pool space. The provision of dedicated pool space for learning to swim is a key shortfall currently, constraining how many people can be taught to swim and constraining the opportunity for those who already do and want to swim for health and leisure to practice.

Anticipated population growth and an increase in the number and proportion of older people is thought by Sport England likely to lead to increased demand for facilities and in particular during day time hours. This will exacerbate the current under-supply of swimming provision and impact upon the level of unmet demand for sports halls (primarily due to their present limited availability during the day because of their location at education sites).

These factors seem to lead to two clear conclusions:

1. Even taking into account the current leisure provision at the Regional Pool, there is already a significant shortfall of pool space and other facilities (like sports hall space) in Peterborough, a shortfall that will only worsen as the city grows as projected.
2. The loss of the Regional Pool would dramatically worsen this provision, with significant consequences on key user groups and commensurate negative impacts on health and wellbeing.

Local and National Strategy

Two of the Council's seven strategic priorities relate to the provision of quality leisure space, where the achievement of the former is supported by the latter. These are to "keep all our communities safe, cohesive and healthy" and to "achieve the best health and wellbeing for the city".

The Council has developed an Active Lifestyle and Sports Strategy (which is attached as an appendix to this report). Amongst other goals, the strategy aims to improve physical activity levels across the city by 38,000 people by 2023, currently 28.6% of city population do no activity, this is worse than the regional (23.5%) and national average (25.7%). Active Adults, who are those that complete 150 minutes of activity each week, make up 61% of the population in the city, which is again below the national average of 66%.

Obesity and overweight statistics for the city show that Peterborough has 62.9% of the population compared to the national average of 61.3%. It is likely that such factors contribute to the fact that life expectancy is also below the national average, with Peterborough statistics for females being 82.2yrs and males being 78.6yrs, compared to national average of female 83.1yrs and male 79.5yrs. Undertaking physical activity has clear and well-understood health impacts: Public Health England[2] state that physical activity (where this is completing at least 150 minutes of activity a week) will reduce risks of type 2 diabetes by 40%, cardiovascular disease by 35%, dementia by 30%, depression by 30% and cancer by 20%-30%.

Setting aside the direct physical health consequences to residents and their families, these impacts also have a positive wider economic consequence. Public Health England estimate that the high inactivity percentage in the area burdens the health services within Cambridgeshire to the value of £12.25m per year. According to Sport England[3], the Economic Value added directly by sport for Cambridgeshire is £66.7m with the wider health benefits being £63.4m. It is clear that from a public health and economic perspective, leisure centres (especially public ones) have wider benefits to both the community and the public purse; assessing the benefits of health and leisure provision in isolation of such factors would not capture the full range of benefits they can offer to a city's residents, visitors, and the broader public sector they interact with (such as the NHS).

[2] Public Health Outcomes Framework 2016-2017
[3] "The Economic Value of Sport - Local Model" (2016),

Objectives and Definitions of Success for a New Centre

Standards of Provision

The current levels of provision – even allowing for the gaps identified in what the Regional Pool does provide – are below the requirements for the city. It is therefore appropriate that replacement facilities extend what is currently offered against a minimum standard, where ideally that standard is nationally defined.

Sport England have produced an outline ideal leisure facility design mix. This paper was completed in 2015 and is based on what are considered 'affordable' public facilities. Sport England suggests for a basic leisure facility would contain as a minimum:

- Sports Hall – 4 courts, storage and dry changing
- Swimming Pool – 4 lanes x 25m, with wet changing, school changing and a teaching pool if possible
- Health and Fitness – 100 stations, 2 studios, and associated changing rooms

Given Peterborough's shortage of pool space, it is suggested that an 8-lane pool be provided in any new facility, alongside all of the above. In addition, a broadening of the offer to increase the footfall and revenue the centre generates is considered positive, and therefore additional supplementary facilities are considered necessary, including a café. The SLC feasibility assessment considered two 'mixes' of facilities at a new centre, an 'essential' (which is viewed to be the minimum range required for a modern replacement) and an 'optimal' (which builds on the minimal specification and extends it). These comprise:

- **Essential**: 8 lane, 25m pool with 300 spectator seats; 15mx10m teaching pool; sauna and relaxation; 150-station gym; 2 exercise studios of 40-person capacity; 1 spin studio of 20-person capacity; café.
- **Optional**: 8 lane, 25m pool with 300 spectator seats; 17mx15m teaching pool; sauna and relaxation; 350sqm of leisure water, with water features and toddler splash area; 175-station gym; 2 exercise studios of 40-person capacity; 1 yoga studio of 20-person capacity; 1 spin studio of 20-person capacity; 4-court sports hall; soft-play area; possible clip-n-climb; café

These mixes were validated based on meeting existing and future demand within the city, as well as addressing how a balance of facilities positively contributes to increasing income generation to support viability.

In addition, any design is likely to allow public parking to continue to be provided on site. It is for the Council to determine how this might be charged for, but it is likely that charging will take place given the existing arrangement with the current Regional Pool car park on the existing site. Pleasure Fair Meadows has, as a current surface car park, 338 spaces, and by designing the new centre so that at least some parking can be provided underneath some of the new building, somewhere between 230 and 300 spaces might be provided. It is important to note this will be sensitive to the final design and specification for a centre.

The 50m Pool Option

In August 2020, SLC were asked to consider the potential benefits of a 50m pool being provided in a replacement Regional Pool facility against any downsides this would bring. Financially, SLC reviewed actual data relating to the operation of five 50m swimming pools across England to provide an indication of their typical revenue performance. Additionally, a then-recent business planning exercise undertaken by SLC had compared the operating surplus / subsidy of two leisure centre development options with identical facility mixes apart from the inclusion of a 50m vs 25m pool.

Of the facilities assessed, only one of them ran at an operating surplus (all of the others made operating losses) and importantly these **did not include** the capital and finance costs for building or buying the facilities in the first place, which would significantly worsen the financial position. SLC conclude that "50m pool facilities rarely run at an operational surplus and so are very unlikely to be able to generate sufficient revenue to cover capital cost repayments". Given these factors, increasing the size of the pool is only likely to worsen the financial position of a replacement Regional Pool facility. This does not mean to say the Council cannot choose to do so, just that it would be doing it for providing a competition-class facility in the city at a significant cost premium that does not make a financial return. It is likely such a facility could, if necessary, be provided on the Pleasure Fair site with a floorplan redesign, but it cannot be avoided that this will materially worsen the financial performance of any facility.

Hydrotherapy Pool

The Council currently has a standalone community hydrotherapy pool – St George's Community Hydrotherapy Pool – that provides a facility for use by children and adults with a range of disabilities or long-term health conditions to benefit their health, assist rehabilitation from surgery or injury and as a leisure facility for those with learning and physical disabilities. The hydrotherapy pool was built in 1976 and due to its age and condition is unlikely to be able to continue to operate for many more years. The facility is much-valued by its users and it was explored by SLC, at a high level, what the implications might be for its inclusion as part the facility mix options for the replacement of the Regional Pool.

Adding in a hydrotherapy pool to any new facility is not simply the case of creating some additional pool space alongside of the main facilities; the nature of a hydrotherapy pool means it has quite distinct operating and practical requirements from the rest of the facility. The inclusion of a new, 10m by 5m pool (of 1.2m in depth) was considered, with adjoining specialist changing facilities given the nature of users and potential privacy and comfort considerations. In addition to the separate pool tank and extra plant equipment, additional glazing around the hydrotherapy pool to isolate it from the rest of the pool hall would be needed. This would be necessary due to the requirement for warmer air temperature for the area around the warmer hydrotherapy pool compared with the rest of the water space provision. This isolated area would therefore likely require a dedicated air handling system to meet these requirements.

What therefore seems at first glance to be a wet facility well-aligned to provision with a new facility is therefore quite complicated to incorporate, and would certainly result in some compromises in the wider facility. These are explored at a high-level in section 5.3 of the SLC report. Even were these practical and operation issues to be set aside, the financial case is challenging: SLC's high-level cost estimate suggests it would add *at least* £620k to the project's capital cost. With additional borrowing costs, this facility would contribute to an increased cost without the necessary income to make it wash its face, leading SLC to conclude:

> *"From a revenue perspective, there are likely to be some limited savings relative to current subsidy requirements for the existing hydrotherapy pool, but it would add to the overall net subsidy position"*

Given that there are limited operational benefits from co-location, provision of the hydrotherapy pool has not been recommended as part of the reprovision of the Regional Pool. It may well be better, for both the Council and the facility's users, to consider a standalone facility elsewhere.

Diving Facilities

The existing Regional Pool contains a 12.5m by 12.5m diving pool. It has not been suggested this be re-provided in the new facility, primarily because of the lack of demand for diving at the existing facility. Two attempts have been made in recent years to start and promote diving clubs locally and both of these have rapidly petered out from lack of interest.

Swim England in their comments about the new facility options would support the inclusion of deep water to "cater for water polo, synchronised swimming and diving" but "recognise that there are no clubs currently delivering these activities at RFSC and the demand is low". Design-wise, it would likely add significant cost to a new facility to provide diving facilities, this will not deliver a positive financial contribution operationally, and this would have to be done largely on the basis of hoping 'if we build it, they will come'; sadly, the lack of use currently does not support this presumption. Akin to the 50m pool option, it is likely a redesign of the facility proposed at Pleasure Fairs could incorporate this, but the financial case for doing so is weak.

Customer Satisfaction

It is expected, indeed required, that the customer experience and level of satisfaction with any new facility must significantly exceed that of the existing Regional Pool. There are a number of anecdotal insights into the existing centre that have a likely negative impact on the customer experience. These include:

- Limited food and beverage choices on offer (via vending machines only)
- Limited use of digital opportunities and access, which customers increasingly expect and take for granted in modern facilities
- Dated and comparatively poor changing areas with very limited showers (only 3 in each room)
- Poor ventilation throughout
- The pool viewing gallery dated and has steps steep to get to seating
- The car park and walk to the facility are relatively poorly lit and not inviting

That the facility remains as well-used and popular as it is currently is likely more a testament to the lack of alternative provision than it is to the general levels of satisfaction with what is provided.

To assess improvement, if provision of a new facility proceeds it is suggested that:

a) A baseline customer satisfaction study be conducted of users of all types at the existing facility that can be re-run in the new one once open
b) In the first year of operation of a new facility, a customer satisfaction survey is undertaken to assess the new facility against the existing
c) That customer satisfaction and feedback be part of the operating agenda of the new facility and be publicly available going forward

Reputational

Given the identified shortfall in health and wellbeing facilities in Peterborough, reputational damage to the Council – and indeed the city itself – seems likely if the existing facility is not replaced. There is also a likely opportunity for enhancing reputation by the provision of a new facility that better and demonstrably meets the needs of the area. This will be assessed by several metrics:

1) Whether new provision meets minimum Sport England standards for facility range
2) Whether visitor numbers increase by 20% compared to the existing facility
3) Whether the new facility meets modern standards for environmental standards, contributing positively to the Council's climate emergency agenda

Commercial and Financial

The current facility is a significant cost and liability to the Council. Keeping the current facility operating effectively for the next decade is forecast to have an annual cost of about £1.3m, with part of that made up from the need to invest £6m of capital over the ten-year period. In the current financial climate, the extent of the loss and liability the facility has must be considered, as much as the timing and implications for any replacement. Specifically:

1) The new facility must budget for lifecycle costs and replacements based on industry metrics so that a suitable reserve is built for replacement

2) Any replacement should be done at the time at which it delivers the most overall improvement in the Council's financial position; that is to say, decisions as to when to replace it should be informed by (and if) the timing of that replacement costs the Council more or less

Section 2: The Economic Case

Business as Usual versus Re-provision

In any business case, it is always appropriate to consider what the implications would be to carrying on with the current position rather than something different. In considering a business as usual option in this situation, it is important to examine two distinct factors:

1. The extent to which the current facility adequately meets the needs of the populace
2. The implications of its current condition and the extent to which it can continue in its role

There has been substantial discussion previously in this document about the needs of the city for leisure provision, and commentary on how the Regional Pool is inadequate to the task of meeting these needs. As a summary recap, it can be said that the existing facility underprovides traditional pool space (which is in substantial demand and widely undersupplied in the city in any event), offers no family-friendly 'wet space' that is increasingly popular, has poor changing facilities, offers limited additional activities beyond gym-space, and has nothing in terms of a food and beverage offer to speak of. It seems clear that the current facility does not adequately meet the current, growing and changing needs of the city's populace.

Even if the Regional Pool did meet those needs, however, the second 'business as usual' factor above would be challenging: its age and current condition means that

a) The Regional Pool has a limited existing life expectancy without major refurbishment
b) Even with major refurbishment, the nature of the building means it would be difficult if not impossible (especially in a cost-effective way) to address the gap in the scope and scale of activities offered
c) The Regional Pool is inefficient, and the Council spends a significant sum of utility costs annually, and will need to spend significantly just to keep it open

The Regional Pool is now well-over 40 years' old. It has delivered sterling service to the city and its surrounding areas during that time, but it is clear that it is no longer meeting those needs adequately, and nor is it capable of doing so. Change is necessary.

Site Assessment

A series of sites have been chosen for consideration for re-provision. The have been chosen because they are known to be available now or will be in a reasonable period, are relatively close to the city centre, have or will have a significant nearby residential catchment, are likely to have sufficient space for appropriate facilities, and are within the scope of control or influence of the Council or one of its key partners.

Assessment Dimensions

In assessing the suitability of sites, the following assessment criteria have been developed:

1) **Proximity to the city centre**: how close to the city centre the site is
2) **Ease of Access**: Whether there are strong pedestrian, cycle, and public transport links, and whether there is a significant residential demographic nearby
3) **Availability**: over what timescale is the site available
4) **Ease of control**: how closely is the Council able to influence the site's development
5) **Compatibility with planning policy**: whether this use explicitly supported, likely to be compatible, or unsupported in planning term
6) **Site prominence**: the extent to which the site would support enhancing the city's profile if chosen for a new leisure centre

Site Descriptions and Comparison

The following sites have been shortlisted for consideration. Their key characteristics are detailed below.

Existing Regional Pool Site

This is the current site located on Bishop's Road. Although reasonably close to the city centre, it feels relatively isolated from it. Pedestrian access from and to the main city centre is good, though the lack of active uses along much of the route makes it somewhat uninviting. It has a good level of parking availability currently, with its own car park and the nearby Wirrina and Bishops Road car parks supporting it. Access by car is therefore good, and it has nearby bus stops. This site is owned and controlled by the Council, and therefore would technically be available, but it is also in the area allocated by the Council for the Peterborough University development, and re-provision of this facility on this site is likely to act as at least a minimal constraint on how that is taken forward. This is likely to be a significant barrier to redevelopment here. As the site is currently used for a leisure centre, whilst there is no specific allocation to support this use in the Local Plan it is expected that a suitably designed scheme would find little difficulty in obtaining planning consent. The site does not have great prominence, either in relation to the city centre or any other development in the current area. That could change if as the university and wider uses on the embankment come forward, but it is unlikely to do so in the immediate future.

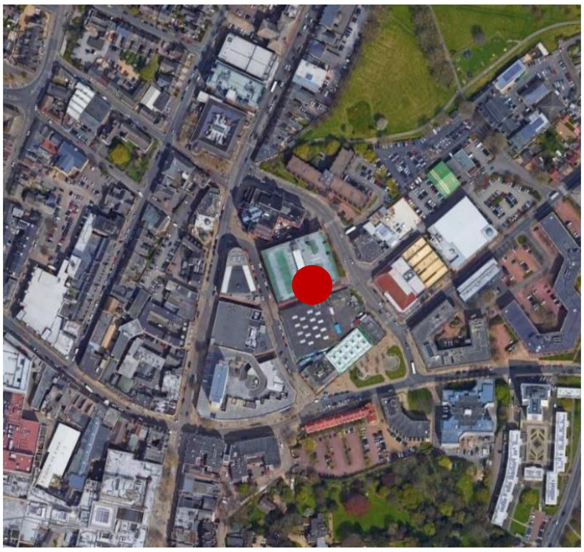
Wellington Street Car Park

This edge-of-centre site is located near to a major arterial transport route into the city centre (with direct links to the A1139 Frank Perkins Parkway), and therefore benefits from excellent access by car. Public transport is somewhat less good, though there are nearby bus stops within a few minutes' walk, but the site is no worse to reach by foot than the existing Regional Pool site on Bishops Road. The site is owned by the Council, and well-used as a car park. It is earmarked for redevelopment in the adopted Local Plan, and the allocation allows for leisure uses. Its prominence as a site in its own right is good, but would be a relatively isolated development in the context of regenerating the main city centre and enhancing the overall sense of place; other sites are superior in this regard.

Pleasure Fair Meadows Car Park

This site is located to the south of the city centre, near to the modern Fletton Quays and Vista developments. Transport access is good, with major bus connections within walking distance and a key-route bus stop immediately opposite the site. It is owned by the Peterborough Investment Partnership, which is 50% owned and controlled by the Council, and is allocated for development in the Local Plan. Its availability and ease of control is therefore very good. Its proximity to the city centre is slightly better, if not significantly so, than the existing Bishops Road site. The site is compelling in terms of prominence: its development would further strengthen the significant regeneration of the South Bank area, and it would be highly visible from the East Coast Main Line; this visibility of the site and the regeneration of the surrounding areas represents an excellent opportunity to highlight Peterborough's continued growth and success to a large audience of national train travellers.

Northminster

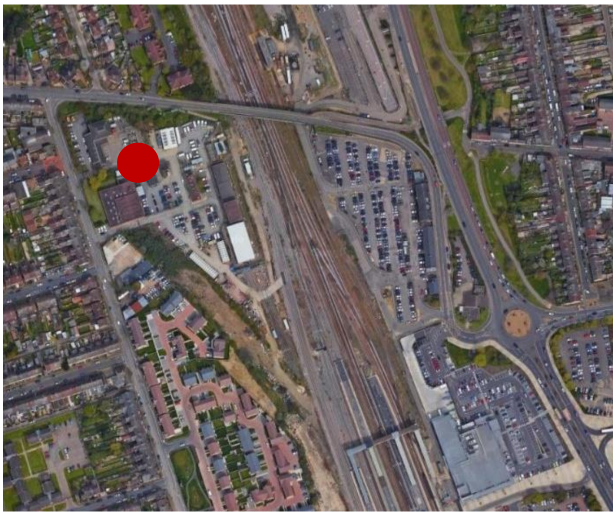


This is a city-centre site that is in the process of being transferred from the Council to the Peterborough Investment Partnership, which will bring a regeneration scheme forward similarly to how it approached Fletton Quays. The site is not immediately, therefore, available, but would be in relatively short-order. Accessibility is fair, with good walking connections to the city centre and access to the main bus station and nearby stops. He prominence of the site is relatively poor compared to others, and whilst the inclusion of a major leisure facility would be good for the wider scheme's development, it would take a significant amount of land on a site with a number of designs constraints. In planning policy terms, a centre here is likely to be supported.

North Westgate

This is a key city centre regeneration site, prominently located within easy walk to the railway station and the bus station. Its car connectivity is equally good, with Bourges Boulevard leading to it. It is allocated for a major mixed-use scheme, and a leisure facility is compatible with its planning allocation. Land ownership has, however, been a complex issue as there are diverse ownerships and the Council is looking to support a key landowner in the area with its CPO powers to bring a scheme forward over time. The site is unlikely to be available in even the medium term, therefore, and the Council controls only very small elements of it currently. These represent significant constraints on using this area for this use at present.

Mayor's Walk



Located to the west of the city centre, this site is owned by Network Rail. It has potential to become available through a series of rationalisations related to the redevelopment of the station area, though this is unlikely to be in the short to medium term. Availability and control represent a challenge to this site's suitability for leisure re-provision. An edge of centre site, pedestrian access is adequate from the city centre, though it is a benefit that it is relatively close to the railway and bus stations.

Maskew Avenue

Located about a mile north of the city centre, the site has good vehicular connections thanks to the nearby dual carriageway. It is more isolated than the other site options, although there are pedestrian and cycle routes that connect to the city centre through a series of underpasses, and there is a relatively nearby bus stop. The site is currently for sale, but is understood to have a number of interested parties. The site is allocated for B-class uses in planning terms, and therefore use as a leisure centre is not immediately supported by the adopted local plan.

Site Comparison Summary and Selection

The table below takes a green, amber and red approach to rating each of the criteria discussed above for ease of comparison across sites.

Site	City Centre Proximity	Ease of Access	Availability	Ease of Control	Planning Policy	Site Prominence
Existing Regional Pool	🟡	🟡	🔴	🟢	🟡	🟡
Wellington Street Car Park	🟡	🟡	🟢	🟢	🟡	🟡
Pleasure Fair Meadows Car Park	🟡	🟢	🟢	🟢	🟢	🟢
Northminster	🟢	🟡	🟡	🟢	🟢	🔴
North Westgate	🟢	🟢	🔴	🔴	🟢	🟡
Mayor's Walk	🟡	🟡	🔴	🔴	🟡	🔴
Maskew Avenue	🔴	🟡	🔴	🔴	🔴	🔴

Based on the criteria, the preferred location is Pleasure Fair Meadows Car Park. Its mix of availability, access and ease of control in particular set it apart from other sites. Northminster and Wellington Street are the next-best as alternatives.

The Lido

The Lido was designed in 1936 and built by the City Council at a time of increased interest in outdoor swimming in the UK. It is a Grade II Listed building comprising of a main pool, a learner pool and a paddling pool, with a grassed area to the rear of about half an acre surrounded by mature trees. The Lido is owned by the Council and opens in the summer months. Its operation presents a financial challenge for the Council – as indeed do many Lidos across the country – and it makes a loss. The future of the Lido is being more widely considered in the work on developing an Embankment masterplan; it is being considered here as to whether it is practical and appropriate for a redevelopment of the existing Lido to be an alternative to Pleasure Fairs. In doing so, two types of redevelopment have been considered:

1) Maintaining the existing structure and pool arrangement as much as possible, whilst developing a structure to the rear that would provide a mix of facilities akin to the optimal mix on Pleasure Fair. In short, this would see the existing pools at the Lido largely remain 'as is' as outdoor pools and introduce a new, 25m all-weather pool in a new structure.
2) Convert the existing Lido to an all-weather facility by covering it and adding a building to the rear that would contain all of the other facilities in the optimal mix, but with no main pool. The existing main pool in the Lido would become the main wet facility in this redeveloped centre.

The rationale for considering these two, differing options is to account both for previous ideas about covering the Lido and, also to recognise that in the context of the Listing, the heritage impacts are different.

Designs

The two options considered above have had indicative floorplans and layouts designed for them. These are provided in section form below, and have served as the basis for the costings exercise further in this section, as well as the heritage statement that considers the impact on the Listed building. Both options require significant modification to the existing structure, and notably require that the rear enclosed grassed crescent, mature trees and the paddling pool be eliminated. This is because of the four sides of the Lido, only this rear side is feasible to build a significant extension on, connecting into the main Lido.

Strictly from a design point of view, it is possible to add the proposed new Pool facility to the Lido in either of the configurations. There is adequate space to the rear of the existing facility (provided one accepts the losses of existing use already mentioned) and it is also possible to link a new build appropriately to a Listed building (indeed, this was done with Sand Martin House at Fletton Quays). The engineering challenges can be overcome provided there is sufficient finance.

A section drawing of the two options is shown below. This highlights the scale of modifications necessary to accommodate the mix of uses. Option 1 (top) introduces a new-build component of about 17m in height to the rear of the Lido, which for the most part is only 6.5m to 7m in height; Option 2 (bottom) is lower in height at about 13.5m because of the absence of the additional 25m pool and associated pool hall.

Section - OPTION 1
N.T.S.

Section 1 - OPTION 2
N.T.S.

A note on a competition-class 50m pool

Part of the historic interest locally in the city having an all-weather 50m pool has come from the ability for this to be a venue for competitions, for which the nearest alternative is in Corby. The existing main pool at the Lido is almost long enough for this, but inadequate in width: it is only around 18m wide. The requirements for a 50m competitive pool specify a width of 21m is needed. This is based on an ASA (the UK's Amateur Swimming Association) regional and national competition class standard. The existing pool is also too shallow to meet this standard (c0.9m instead of the minimum 1m depth), though this could potentially be addressed during refurbishment by digging out additional depth.

Given the deficit in width, widening the Lido sufficiently to allow it to meet competition-class requirements is problematic without eliminating the learner pool. This is because there is insufficient space to dig out the required width, accounting for space for pool surround offsets. In any event, such remodelling of the main pool would have large cost implications, nearing £10m.

Legal Constraints

A high-level review of the land title associated with the area to the rear of the Lido has been conducted. The Council owns this land. However, the review has revealed some restrictive covenants that have the potential to cause problems to the development of an extension. In particular, there is a restriction that requires:

> *"any buildings on the Yellow Land must be first approved by the surveyors for the Ecclesiastical Commissioners for England ("Commissioners") and by the Lord Bishop of Peterborough"*

For avoidance of doubt, this restriction applies to the whole of the land to the rear of the Lido. It is not 100% clear how enforceable this restriction is or who has the benefit; it might be presumed to be the Ecclesiastical Commissioners, given the restriction. This type of issue can often be addressed by insurance, but it is unclear whether this would be possible here because the title restriction is relatively recent and the most likely beneficiary is known to be active in enforcing such rights.

If this right proves to be sound and if insurance is unobtainable, the Council would need to approach the Commissioners for a Deed of Release prior to commissioning any new build of the area. This might be a lengthy – and potentially costly – negotiation.

The Listed Status

A heritage assessment of the structure, its current national Listing, and the impacts (and possible mitigations) of the options presented above has been undertaken by a specialist planning consultancy, ELG Heritage. In considering the nature of the Listed building, attention has been highlighted to the *basis* of the original listing; that the building's 'significance' in heritage terms comes as much from setting (its historic interest and local context) as it does the architectural factors of the physical structure.

This is important, because (as the consultants note) the "Lido building is illustrative of the fashion for outdoor swimming during the inter-war years", and that "historical interest derives from the design of the building by a combination of local architects who gave their time freely to the City of Peterborough, in recognition of the provision of such a beneficial facility for the community". Changes to the nature of the Lido (i.e., eliminating its outdoor characteristics and making significant structural modifications) will, by their nature, undermine part of the basis of the Listing.

In considering the architecture, the Heritage consultants note that:

> *"The scale of the architecture is quite domestic, and the low height allows for views over the top towards the north and to the south. The simple clean lines of the building are a striking feature within this landscape as they are set within a wide-open setting, the character and appearance of which contributes to the significance of the Lido as a leisure destination for the enjoyment of outdoor facilities….The pool and seating areas are all external spaces which are a key characteristic of the Lido building."*

In that context, any new addition along the scale in the designs will materially impact the setting of the Lido in a negative manner. This can be mitigated through careful design and material selections (which has been considered, but would increase costs). However, it is unlikely the impact of introducing a 8,000 square metre structure could be eliminated completely. In particular, the introduction of a fixed or retractable roof over the Lido in order to make the main facility suitable for all-weather use would have a "substantial harm" on the facility in the view of the planning consultant.

Whilst the potential options for the Lido as a redeveloped leisure centre are early stage designs, it is clear from the heritage assessment that these options have three main areas of potential to cause substantial or moderate harm to the setting of the Listed building:

1) Any roof over the open-air structure would fundamentally alter the character of the building and how it is experienced; this is likely to have a significantly adverse impact on the Lido.
2) Any extension to the rear will eliminate the crescent and the range of mature trees to the immediate east of the structure, having a moderate adverse impact, and the scale and dominance of any new structure will introduce a dominant rear addition, also with moderate adverse impacts.
3) There would be moderately adverse impacts on a range of views towards the cathedral.

It is not the case that causing such harm automatically prevents redevelopment; the National Planning Policy Framework allows for a balanced view where the provision of substantial benefit can offset substantial harm. Demonstrating this is a tall test, however, and requires demonstrable consideration of a range of alternatives. It is possible to mitigate some elements of concern through high-quality design and the use of appropriate quality materials to reduce adverse impact, though these both necessarily increase cost.

In summary, there are a wide variety of heritage impacts from both of the design options considered, and it is particularly difficult to see how enclosing the Lido could be justified. Whilst individually it is possible to argue that the public benefits of investment in the facility might outweigh individual adverse impacts, the collective effects (even with mitigation through design and materials) are likely to remain negative overall. This could present significant challenges in Planning terms to obtaining the necessary Listed Building Consent for either of the modifications to be implemented.

The Embankment Masterplan

The emerging Embankment masterplan considers a range of intensified uses of the Embankment space, including the phased delivery of the university campus. The masterplan work is at a very early stage, and the thinking behind it is broad and subject to change. The intensified development use currently being considered sees a consolidation of green space, and whilst the options for a new Pool at the Lido could be considered work within the masterplan, it would be clear that they would reduce the green and events space available because of the need to accommodate a substantial footprint for an extension to the Lido.

Headline Costs and Construction Constraints

The costs of construction for both options have been assessed by Philip Pank Partnership (PPP). PPP have experience in this area, and are working on a leisure centre currently in Hillingdon. A summary of PPP's costs and the basis for each option is provided below. It is important to note these figures are not directly comparable to the costs later in this report for Pleasure Fairs. This is because of a range of factors:

a) the costs here are *construction* costs, or what the Council might expect to pay if it tenders a build contract and manage this process – and the risks – itself, whereas on Pleasure Fair these factors are handled and the responsibility of PIP;
b) these costs do not take into account costs for the initial professional fees needed to take a scheme through planning, or the costs of letting a construction contract or managing its implementation, and these might easily add towards the order of £1m to the cost;
c) these options will likely leave the Council with a higher risk exposure to cost variance than through an arrangement for a straightforward new-build because of the presence of a Listed structure
d) Whilst the cost of Option 1 is broadly similar to the likely overall cost for purchasing the Pleasure Fair scheme, because of how PIP is owned, the Council would likely receive a revenue dividend as a profit share of between £1m and £2m, reducing the actual net cost and making that the better option;

The contract procurement option is more problematic than might be expected; this is partly because (in PPP's experience) the construction market for leisure centres prefers a two-stage approach (which increases cost risk and uncertainty over the life of the project compared to single-stage) and because the presence of a Listed building is more likely to lead to a negotiated form of contract, which has the same negative implications.

For Option 1 (the non-roofed option), *construction* costs were projected to be in the range of £36m to £38.5m. This is based on a base cost for the 'raw' facilities based on known costs per square metre, with consideration then given to a broad range of necessary considerations that add further cost that are 'abnormal' and relate specifically to working on this site, including:

1. Provision for measures to protect the Listed building during construction
2. Provision for off-site services / incoming services / diversions
3. Provision for basement works for the pool and filtration facilities, keeping the facility lower in height
4. Provision for car park decking to provide additional spaces to support the centre
5. Provision for material enhancements and the structure for linking the new-build to the Lido, reflecting its Listed status
6. Provision for landscaping and public realm in the area around the extended facility post-completion

For Option 2, costs range from £43m to £52m. The additional provisions above continue to apply, but there are two main additions: there would need to be significant reconstruction of the existing Lido pool for it to be the main pool in the facility rather than just an additional, outdoor leisure pool, and the cost estimate for the roof itself was also significant, with the potential to increase further for it to be retractable. (Retractability was suggested as a potential part-mitigation for enclosure by the Heritage consultant, though they were not confident even this would adequately mitigate the substantial harm of roofing structure to the Lido in the context of its listing as an 'open air swimming pool'.)

Conclusions

The Lido is a valued, historic asset in Peterborough, but it presents a financial and maintenance challenge to the Council. The Council is not alone nationally in this. Whilst it is conceivably possible to combine a significant extension to the Lido that would widen the range of uses for visitors, the challenges and costs with maintenance and operation of the existing Grade II Listed structure would remain, and the co-location would not reduce noticeably operating costs across the facilities. (For example, maintaining two entrances during the summer months when the outdoor pool is likely to be used, and additional life guards for that period.) There are also significant practical downsides:

1. There are substantially negative heritage implications to the Lido are from any modification, and enclosing it to become an all-weather pool fundamentally changes what the Lido is.
2. The reduction of 'green lung space' and removal of well-established, mature trees would be a loss for the city centre, and is inconsistent with the Council's environmental and climate change aspirations.
3. The cost of extending the Lido to match the mix of facilities recommended and that the city deserves is likely to be more when all factors are taken into account – and for a roofed option, significantly more – than the Pleasure Fair option. By not retaining Pleasure Fair as a revenue generating car park, the Council will also lose about £120k a year of parking revenue annually.
4. Any redevelopment of the Lido is laced with uncertainties and risks for the Council, from the process of obtaining planning, through to design, through to tender and construction contracts and pricing.

Securing the Lido's long-term future is important for the city and the Council. Delivering at best marginal cost savings, increasing development and costs risks, sacrificing significant green space and having substantial negative impact on the core Listed facility means that it is clear, however, that this not the way to do it.

Strategic Value Proposition of Re-Provision

At an outline level, there are two key economic metrics:

a) The economic impact directly to the Council

b) The economic impact on the city and surrounding areas through health and fitness impacts

In terms of the former of these points, the costs of the ‘business as usual’ position have been highlighted earlier in this document. It is clear these are substantial, predicted to be about £1.3m per annum over the next decade. It is also clear that the main option that would avoid costs of reprovision would involve the Council taking the decision to allow, at some point, the existing Regional Pool to close and accept the loss of public amenity this would create. The detail provided elsewhere in this report about already unmet demand for water and other types of public leisure centre space highlight the significant consequence of such a choice. SLC have modelled a range of options, including running the exiting Regional Pool to 2031 and then replacing it, and replacing it now on Pleasure Fair Meadows car park. They conclude that:

> *“Assuming that the Council agree that there is a strategic need to replace the facility at some point and that it would be unacceptable to allow the facility to close without replacement, best value would be achieved by making that investment immediately rather than sinking further cost into sustaining an old, inefficient and suboptimal facility.”*

Comments on the latter of these two points above have been made on page nine in the section on Local and National Strategy.

Section 3: The Commercial Case

This section outlies the mechanism by which the objectives for this project will be achieved, and how this approach is both appropriate and manages risk for the public purse. A key factor is that the site selection activity has concluded that, on balance, Pleasure Fair Meadows Car Park offers the best location for a new facility. This is owned by the Council's joint venture regeneration vehicle, the Peterborough Investment Partnership (PIP), and it therefore necessitates that the Council to work with that vehicle on the delivery.

Delivery Options

There are three main delivery options for a leisure scheme on Pleasure Fairs.

1) The Council could look to acquire the site back from PIP once PIP has obtained planning consent, with the Council then procuring a contract for the build of the centre in the normal way through a public procurement framework or other OJEU-compliant process.
2) The Council could contract with PIP for the delivery of the centre, where the Council takes a long-term lease on it over (perhaps) 30 years, once PIP has secured planning consent and subsequently built the asset out.
3) The Council could contract with PIP for the delivery as in option two above, but on a pre-purchase basis so that the Council owns the site and physical asset once it is completed.

Option one is considered suboptimal for all parties. For PIP, whilst it limits risk to obtaining planning, it necessarily would be giving up a fair level of developer profit. For the Council, the delivery risk is transferred entirely back to it, it will not have an 'end to end' solution (where one party is responsible for taking a scheme through planning and then implementing it), and it will have to manage a potentially time-consuming and costlier procurement process.

Both options two and three are viable for PIP as a developer. Indeed, the second option is attractive in the wider marketplace because PIP would very likely want to sell the lease on the marketplace (funds like L&G, Aviva and others who are looking for secure, long-term investments are likely to be interested), and this would make a good return for PIP. The Council could benefit from this because of its co-ownership of PIP, but it must be borne in mind that a lease of this kind will represent a substantial revenue commitment over a long term, likely with inflationary costs built in. The Council will also not likely own the asset or site at the conclusion. Option three would therefore seem the most mutually beneficial delivery mechanism, conceptually speaking.

Delivery Methodology and Risk Allocation

The delivery methodology for option three above is relatively simple: the Council will agree to pre-purchase a completed scheme providing it meets a pre-agreed specification. PIP would be responsible for securing an appropriate planning permission in the usual way, as with any developer in the city, and it would be responsible for contracting with a construction firm and managing the build process. The risks associated with these processes will, largely, rest with PIP. Even once the building is handed over to the Council for operation, PIP will likely remain responsible for snags as is normal practice for a period of time. (PIP is very likely to pass some of this associated risk on to its subcontractors, but from the Council's viewpoint these remain PIP's.)

PIP is taking the development and planning risk. An exception to this, as is entirely normal in such situations, is where the Council wishes to change the specification in some way post-contract. The intent is to avoid this for numerous reasons, helped because the specification suggested by PIP already is consistent with exceeding the minimum requirements suggested by Sport England. Nonetheless, it should be borne in mind that changes from the Council would likely result in unavoidable price increases. The contractual arrangements would ensure this is handled fairly and openly.

It is worth noting that this will not be the first contractual relationship between the Council and PIP. The Council was the contractor for the delivery of the spine road and core utility infrastructure on Fletton Quays. Whilst roles were reversed, there is a successful history of this kind of contractor relationship between the two parties.

Key Likely Commercial and Contractual Factors

Given the proposed approach, it is clear that the purchase price of the centre that the Council pay to PIP will be a primary importance. Based on what is known currently, this is likely to be between £26m and £28m for the essential mix specification and £38m to £40m for the optimal. In addition to price itself, the following factors (not exclusively and as a minimum) will need agreeing:

a) Specification
b) Agreed timetable
c) How delays are handled and penalty conditions
d) Payment structure and terms
e) A transparent approach to variations

Leisure Centre Contractual Arrangements

Assuming that Cabinet and Full Council approve the necessary decisions and delegate appropriate authority to relevant officers, there will be significant work to ensure the contractual arrangements between the Council and PIP are in place and sufficiently robust and fair to both parties. The likely 'suite' of documentation that will need developing would include:

1. Specification: a detailed specification for the final leisure centre so that both parties know what is expected and what will be provided to what standards
2. Purchase contract: the overarching agreement under which the Council will agree to buy the completed leisure centre from PIP (or a PIP SPV)
3. Finance arrangements: the Council, as a partner in PIP, may wish to fund the development of the leisure centre, where its own purchase pays back this finance and interest on this finance; this may or may not be of interest or necessary, but appropriate documentation (as was the case with its investment of land in the Fletton Quays project) will be needed if this route is taken

Overall Outline Project Timeline

Whilst an outline timeline for a new leisure centre on Pleasure Fair Meadows car park can be – and is – provided, it is important to note that this is indicative, and necessarily timescales are subject to refinement and change based on activities at earlier points. The timeline below therefore provides an indication of the likely duration and stages of the project, rather than being absolute in nature. There are comments underneath each item highlighting key constraints or potential risks for slippage.

1. Council Decision Making and Governance Approvals: December 2020
   This assumes Cabinet and, subsequently, Full Council approval of the budget variation needed to fund the replacement arrangement with PIP.
2. Contractual Process Between PIP and PCC: By end Q1 2021
   Three months is a very tight timeline in which to develop both a specification and the other contractual arrangements and documents necessary for this approach; whilst PIP is likely to lead document production in order to expedite this, the timeline is nonetheless ambitious. Q2 2021 is just as likely.
3. Submission of Planning Application: Q3 2021
   It is highly likely this will be an outline planning application, and it is felt that this can be comfortably developed and appropriately consulted on within this six-month window; clearly, slippage in previous stages is likely to negatively impact this one.

4. Planning Determination: Q4 2021
   The Council will assess and determine the planning application, as Local Planning Authority, in precisely the same way as when approached by any other developer.
5. PIP Construction Procurement: Q4 2021 / Q1 2022
   This process is likely to begin before planning consent is obtained, but will only be concluded one consent is granted. There are a number of routes open to PIP for this, and it is too early in the process to determine which is best overall at this stage.
6. Start on site: Q1 2022
   Assuming a successful and timeline procurement process completes, start on site in the timeline indicated above could be sometime within January through March 2022.
7. Hand-over to PCC of completed build: Q3/Q4 2023
   This assumes an eighteen-month programme for the construction, starting in Q1 2022; this will vary depending on the final specification, and it is not expected to be less than this.

Section 4: The Financial Case

The SLC feasibility report assesses in detail the financial performance of a new leisure centre, under a range of operating models. It is not intended to replicate that here; rather, it is to provide a high-level precis of the depth and range of factors that have informed the financial assessment behind the headline numbers. This is intended to provide comfort towards the robustness of the underlying approach. The reader is reminded that the SLC report is provided as an appendix to this report. SLC have, as is entirely appropriate for this type of feasibility, taken a robust and prudent approach to modelling both costs and income; for income in particular, it is better to be conservative and subsequently allow scope to over-perform than be optimistic up front.

Purchase Costs

The exact purchase cost will emerge from detailed design development, the specification, and other factors, but based on SLC's forecasts the two mixes are likely in the range:

- £26m to £28m for the essential mix
- £38m to £40m for the optimal mix

Clearly, it is preferable for all parties that a quality facility be provided as cheaply as possible. It should be noted that the purchase cost is made up of a range of factors, including:

1) A quantity surveyor's estimates of the construction costs for both mixes
2) Provision for professional fees
3) Provision for financing costs associated with the development
4) A developer profit margin
5) Provision for the land value

The inclusion of all of these is normal, market practice for schemes and transactions of this type.

Operating Costs

Detailed operating costs have been modelled by SLC for the different mix types. These take into account assessments and industry standard estimates for factors like:

a) Staffing costs, which are by far the biggest cost component operationally
b) Repair and maintenance, including provision for major lifecycle replacement needs
c) Water and other utilities
d) Equipment
e) Cost of sales
f) Cleaning
g) Marketing
h) Insurance
i) IT / Admin / Legals / Licenses
j) Irrecoverable VAT
k) Capital equipment replacement fund

Operating Income

Core Facility Income

Detailed modelling of income streams has been undertaken across both the essential and the optimal mix feasibility models. Key factors accounted for in this modelling are:

a) Opening hours, assumed to be 06:30 to 21:30 Monday to Friday, and 08:00 to 18:00 at weekends
b) Pool income, for both main and learner pools, and including an assessment of swimming lessons

c) Health and fitness gym income
d) Studio income (for yoga, Pilates, etc)
e) So-called 'secondary spend', where people use café or vending machine facilities whilst there

For each income stream modelled, SLC have explained the rationale used for their number selection.

Parking Income

In addition to the income modelled above by SLC, the parking income from the site needs accounting for in the broader modelling for the Council's business case. There are two factors that need accounting for:

1) That Pleasure Fair Meadows car park delivers (using the average of the last two years) about £110k of income per year. The HaskoningDHV city centre parking review noted that it was on average only used to 40% of current capacity, and even at peak times only about 60%. Even with a reduction from the current 338 spaces to accommodate the new leisure centre, it is highly likely income levels can be maintained. Indeed, increased income is likely because of the leisure centre and other developments in the area, such as the new hotel and passport office at Fletton Quays.
2) That Pleasure Fair Meadows car park is allocated for redevelopment in the Council's adopted Local Plan and that if it is redeveloped then it is near-certain that the Council will lose the existing income from the site, because it will no longer be a public car park.

Because of the second point above, the Council's "do nothing" case where the Regional Pool is not provided on this site will see a loss of the £110k of income; with the reprovision on Pleasure Fair, it maintains – and likely extends – this income stream. The net positive income impact of a leisure centre on Pleasure Fair is therefore at least £220k, and it is easily conceivable that additional income as noted in bullet one above could lead this to £250k per annum. This contributes helpfully to the leisure centre project bottom line.

Additional Revenue Sources

The SLC work, whilst detailed and thorough, was confined to the operations of and income for a leisure centre. There has already been mention of the need to account for car parking income and this materially and positively supports the financial viability of a new centre. In addition to this, however, are a range of potential income streams that the Council may, and likely should, explore as the centre is developed. They are not included here, but are highlighted as avenues to explore that could improve the financial position further:

1. Amazon Locker / Other Pickup Point Services
2. Naming Rights
3. Advertising

Advertising in particular has significant potential; the site faces the East Coast Main Line, at a point where mainline services slow down and often stop before entering or travelling through Peterborough Station. The opportunity of advertising on one wall of the facility – even if it is largely city promotion – sensitively undertaken could yield benefits.

Summary Position

SLC have modelled a range of options over 15 years to help the Council understand how these financially compare. These there are four base models:

1) No replacement
2) Running the Regional Pool for ten years and replacing it in 2031
3) Replacing it now with the essential mix option
4) Replacing it now with the optimal mix option

They have also examined the potential impact of the Council running the facility itself through a Local Authority Trading Company, or traditionally procuring an operator. The comparison is below.

Options Comparison - 15 Year Total	2031 Replacement	No Replacement	Essential	Optimal	2031 Replacement	Essential	Optimal
Replacement Facility Operating Model	External	LATC	External	External	LATC	LATC	LATC
Income	£29,095,971	£11,965,838	£44,679,443	£64,200,755	£27,386,663	£40,610,799	£58,179,980
Expenditure	£28,938,187	£15,587,838	£34,286,612	£45,905,679	£29,304,852	£35,117,449	£47,135,340
Operational Surplus /	**£157,784**	**(£3,622,000)**	**£10,392,831**	**£18,295,076**	**(£1,918,189)**	**£5,493,351**	**£11,044,640**
Other Costs	£4,943,398	£2,887,288	£5,689,357	£8,031,915	£5,547,885	£7,079,263	£10,117,663
Capital / Lifecycle Costs	£14,663,861	£6,676,097	£14,784,893	£21,577,023	£14,663,861	£14,784,893	£21,577,023
Net Surplus / (Subsidy) incl. capital	**(£19,449,475)**	**(£13,185,385)**	**(£10,081,420)**	**(£11,313,862)**	**(£22,129,935)**	**(£16,370,805)**	**(£20,650,047)**
Saving compared with 2031 replacement	n/a	£6,264,090	£9,368,055	£8,135,613	(£2,680,460)	£3,078,670	(£1,200,572)
40-Year Net Surplus /	***n/a***	***n/a***	***(£17,767,335)***	***(£12,771,278)***	***n/a***	***n/a***	***n/a***

The assessment reveals that the Council is better of replacing the facility now than waiting, and that even over a fifteen-year period there is relatively little difference between replacement with the essential or optimal mix.

SLC's financial modelling for the bottom-line position for the Council proceeding to pre-purchase the two facility types are below. This takes into account the adjustment for parking revenue as described above.

- **Essential Mix**: based on a purchase price of c£26m, a net annual loss in the first 15 years of c£350k per annum; over the 40-year life[4] this might reduce to an annual loss of £100k on average
- **Optimal Mix**: based on a purchase price of c£38m, a net annual loss in the first 15 years of c£400k per annum; over the 40-year life, it is possible that the facility is cost-neutral.

SLC conclude that: "of the two facility replacement options, there is little difference in the total cost over 15 years with the Optimal option being slightly more expensive over the period. This option does, however, provide a much more significant level of provision for a relatively small increase in overall cost, so the Council should consider this to be the best value option. This is further supported by the fact that over a longer period, the Optimal option is likely to prove to be a less costly option than the Essential facility mix, as demonstrated by the extrapolation of costs over a 40-year period".

[4] It should be stressed that projecting out 40 years is a highly imprecise science, and is intended to be indicative. It only increases costs and income on a 2% inflationary basis annually. SLC have noted that the annual performance of the facilities as projected, even over the 15 years, is good for public, walk-in (as opposed to private, member-only) leisure centres.

Section 5: The Management Case

Current Management Approach

Until the end of September 2020, the Regional Pool was one of a number of leisure facilities operated on behalf of the Council by the Vivacity Leisure Trust. This contract was due to terminate in 2035. However, as a result of the impact of Covid-19 on their leisure operations, Vivacity relinquished their management contract on the grounds that it was no longer financially viable to continue operating independently. With effect from 1st October 2020, Vivacity Leisure became established as a trading arm of the Council under the holding company Peterborough Limited, who also have Aragon Direct Services as another arm to their business.

All staff from the Vivacity Trust were subject to TUPE arrangements over to Peterborough Limited and are and will continue to deliver key services whilst a review takes place over the coming months to ensure the company can become financially sustainable on a long-term basis. Due to Covid-19, only limited facilities and services are currently operational. The reopening up of services and relaxation of Covid-19 protocols will take place in line with government guidance on public health for the duration of the current Pandemic. Peterborough City Council will work closely with Peterborough Limited to support the transition of Vivacity Leisure to a stable operational position managing its future developments to ensure it can become sustainable and retain its position as a supplier of leisure services for residents within the city.

Industry Standard Options

In terms of moving forward, there are three primary approaches that Councils use around the UK for the management of leisure facilities, which are described in outline below.

External Leisure Trust

Often a new charitable trust is established, the assets leased to it on a long-term basis and the trust operates them on a non-profit approach. The Council is familiar with this approach through the Vivacity arrangements, which recently ended with Vivacity ceasing to trade. It is unlikely the Council would wish to proceed on this basis again in the context.

Third-party Contractual Arrangement

Procuring a specialist external operator through the normal open and transparent tender processes open to the Council is also a common approach. In these cases, specialist companies are paid to operate facilities – either all of them or specific individual facilities – on behalf of the Council. The current 'flux' in the market as a result of uncertainty to do with Covid-19 makes offering something for tender in this way more complex and uncertain than it would be usually, but this may pass in the short to medium term.

Self-Management through a Local Authority Trading Company (LATCO)

As Peterborough Limited currently does, it is entirely possible for a LATCO to manage these services on its behalf, operating them on a commercial, arm's length basis. This could be the Council's preferred long-term solution to management. SLC's assessment, based on their experience nationally, suggests this approach can be more costly than a third-party, external operator. They comment that:

> *"The modelling clearly indicates that external management by a multi-site provider would be the most financially advantageous operating model. However, the Council may wish test this further through a more detailed options appraisal which considers the whole of the Council's leisure portfolio and which also assesses the non-financial implications of different management models."*

Recommended Next Steps

Whilst this business case needs, necessarily, to consider how any future centre is managed, it is not for this document to determine how the Council's leisure facilities are operated. Both the existing Regional Pool and any replacement would become part of the Council's 'leisure estate', The financials for the business case therefore include a 'provision' for an external management contract where this value is based on industry standard and SLC's experience-tested cost metrics; it is not suggested that this is necessarily how the centre is managed, but it was necessary to include an appropriate amount to make the financials robust.

The management of any replacement facility should be actively considered as part of the Council's wider strategy for replacing its previous Vivacity-contract arrangements in the longer term.

Business Case Conclusions and Recommendations

To summarise the key points of this document:

1. There is a clear, demonstrable and evidenced need for increased leisure provision in the city compared to existing levels, which is supported by the Council's existing policies and strategies, detailed analysis by SLC, and the views of external national bodies like Sports England and Swim England.
2. It is neither in the city's nor the Council's best interests to continue investing into the existing facility without a clear, long-term strategy for replacing this well-used and much-needed asset.
3. The existing Regional Pool is nearing the end of its natural life, after decades of service to the city, and its closure without a replacement would have significant negative impacts on the well-understood existing undersupply of pool and other leisure space.
4. Development of the Pleasure Fair Meadows site offers an opportunity to replace the Regional Pool in a timely fashion with a modern, fit for purpose centre in keeping with the needs of the city, and it is financially advantageous to the Council to do so now compared to delaying this action.
5. Given the extended range of facilities within the Optimal Mix and that its annual subsidy requirements over fifteen years are of the same order as the less well-equipped Essential Mix, the best value proposition despite the increased capital cost is the Optimal Mix option.

The clear recommendations of this business case are that:

e) Further investment in the Regional Pool should be avoided, in favour of the provision of a new facility
f) That facility should be specified in line with the Optimal Mix detailed in this paper
g) Pleasure Fair Meadows represents a timely and highly appropriate site for the new facility
h) The Council should work with the Peterborough Investment Partnership to develop this facility there

Appendix One: Regional Pool SWOT Analysis

Strengths	Weaknesses
• Well-used, popular pool facilities • Successful Swimming Club • Good Swim Academy membership levels • Athletics track present on-site	• Pool facilities are at capacity • Poor location and visibility • Dated and uninviting facility (1976) • Limited activities and facility mix • Very limited food and beverage offer • Inefficient energy management & significant annual utility costs • Poor Carbon Footprint • Customer Journey and facility layout • Changing rooms and lack of showers • High pool staffing levels due to pool layout • Reputation of being a tired old local authority facility with no investment
Opportunities	**Threats**
• Population growth of Peterborough • Management operator • Increased footfall and membership • Health and Wellbeing – Public Health remits • Funding to support 3G pitch on top of facility through Football Foundation	• Competition (Local) • Competition (Private) • New independent facilities • Current facility will require major refurbishments in the medium term if not replaced • Loss of members and income due to condition of facility

Appendix Two: Provision in Comparator Towns and Cities

City / Town	Operator or inhouse managed	Population	Number of 25m Public Pools	Additional Private or Dual Use Pools
Peterborough	Vivacity	200,000	**1 x 25m pool**	1 x 25m pool member only and 1 x 25m dual use along with private member only 25m pools
Derby	Local Authority	256,000	**3 x 25m pools (1 x 50m being built to replace 2 x 25m pool)**	Private member only 25m pools within the city
Northampton	Trilogy Trust	225,000	**3 x 25m pools**	Private member only 25m pools within the city
Luton	Active Luton	222,907	**1 x 50m pool 2 x 25m pools**	Private member only 25m pools within the city
Swindon	GLL	192,599	**3 x 25m pools**	Private member only 25m pools within the city
Milton Keynes	1Life	185,000	**3 x 25m pools**	Private member only 25m pools within the city
Oxford	Fusion Leisure	165,000	**3 x 25m pools**	Private member only pools available
Norwich	Places Leisure	150,000	**1 x 50m pool 1 x 25m pool**	Private member only pools available
South Kesteven	1Life	141,660	**1 x 25m pool**	1 x 25m dual use pool 2 x leisure pools
St Albans	1Life + SLM	87,000	**2 x 25m pools**	Private member only pools available
Corby	Local Authority	62,400	**1 x 50m pool**	No others

Appendix Three: SLC Feasibility Report

Feasibility Study on Regional Fitness and Swimming Centre

Peterborough Investment Partnership

September 2020

www.slc.uk.com

Document control

Amendment History

Version	Date	File Reference	Author	Remarks/changes
1.0	30 Sept 20	Final Ver 1.0	TK / AD	Final Version for client issue

Sign Off List

Name	Position	Date	Remarks/changes
Toby Kingsbury	Director	30 Sept 20	Approved

Distribution List

Name	Position	Date
Howard Bright	Principal Development Manager, Peterborough Investment Partnership	30 Sept 2020
Jamie Fenton	Culture and Leisure Development Manager, Peterborough City Council	30 Sept 2020
Dave Anderson	Interim Development Director	30 Sept 2020

Contents

Executive Summary

1 Peterborough City Council's Regional Fitness and Swimming Centre (RFSC), also known as Regional Pool, was built in 1976, last refurbished in 2011 and is considered to be coming to the end of its useful operational life.

2 In March 2020, Paul Weston Architect (PWA) was appointed by Peterborough Investment Partnership (PIP) to undertake an initial high-level options appraisal for the replacement of RFSC on the Pleasure Fairs Meadow site in Peterborough. The Sport, Leisure and Culture Consultancy (SLC) were appointed by PWA as sub-consultants to support this work.

3 Based on this Stage 1 Options Appraisal, a requirement for more detailed feasibility work was identified in order to further explore the need for a replacement for RFSC and to develop the overall business case in more detail. SLC has subsequently been appointed by PIP, working in partnership with PCC, to undertake further detailed feasibility work through delivery of the following workstreams:

- Review the Council's existing Indoor Built Facilities Strategy (IBFS) including the detailed Needs Assessment and Sport England Facilities Planning Model reports and consider the outputs in light of any subsequent facility developments / closures
- Focused engagement with selected stakeholders including National Governing Bodies of Sport and Vivacity to gather further evidence on specific areas of need
- Identify / confirm the Essential and Optimal facility mixes based upon the current state review and needs analysis, and amend existing layout drawings, site plans and development cost estimates if required
- Develop a baseline financial model to establish the likely cost of "do nothing" in order to inform the overall business case. This is to be informed by further condition survey work to identify future medium / long term lifecycle costs of the existing facility.
- Develop 15-year revenue business plans for the Essential and Optimal facility mix options which identify the projected income to be generated by specific facility areas and activities, and the expenditure associated with these activities alongside the overall operational costs of the new facility.

4 SLC's review of the existing RSFC has revealed that the overall level of usage and income is relatively typical for a facility of the age and condition of RFSC and there is no evidence of a significant decline over the past 3 years. Usage and financial performance is, however, significantly below what would be expected from a comparable modern leisure facility in a number of key areas.

5 Health and fitness membership and income levels are well below the level which would typically be expected for a facility of this size and whilst there is competition locally, it is likely that this is to a large extent due to the availability of more attractive and better value alternatives elsewhere. An improved facility with a health and fitness offer of a similar scale would typically generate substantially higher membership and income levels.

6 Swimming lessons income has grown with an expansion of the programme in recent years, although this has resulted in some loss of casual swimming income. The number of swimming lesson pupils for a facility of this scale, however, remains relatively low and the latent demand assessment previously undertaken suggests there is potential for further expansion of the programme subject to capacity of the pools and specifically, the availability of shallow water space.

7 Casual pool admissions have fallen which is considered to be partly due to a reduction in public swimming sessions to accommodate more swimming lesson provision, as well as the deteriorating quality of the facilities, particularly the changing areas.

8 Consultation with stakeholders has revealed significant capacity issues at RFSC in terms meeting demand for pool space to support the combination of requirements for swimming lessons, casual lane swimming, schools and club use. There is a need for additional shallow water space to meet growing demand for the swimming lessons programme which has almost doubled in recent years. There is also a requirement for additional main pool space to accommodate the needs of the high performing City of Peterborough Swimming Club and other clubs in the surrounding area from which there is high demand for training space.

9 The centre manager at RFSC reports that the decline in recent years of health and fitness memberships and income is partly due to local competition but primarily due to the age, quality and condition of facilities at RFSC and the lack of suitable space to develop the exercise class programme. They note that the limited overall offer at RFSC, poor quality changing provision and 'customer journey' restricts the appeal and believe there is strong potential to develop a more diverse leisure offer which appeals to a wider audience, particularly children, young people and families.

10 Swim England are very supportive of an increase in main pool provision beyond the 6 lanes currently provided at RFSC. This would enable the swimming club to develop further and provide an opportunity to host higher level competitions.

11 A review of the detailed Needs Assessment report which underpins the Council's Indoor Built Facilities Strategy (IBFS) and the Sport England Facility Planning Model (FPM) reports which support them has been undertaken as a check and challenge against the facility mix recommendations for core facility types (swimming pools, health and fitness and sports hall provision) included in the Stage 1 Options Appraisal.

12 The review has demonstrated that, whilst the 9 lane x 25m shortfall stated in the IBFS does not provide the full picture, there is clear evidence of a lack of capacity within existing provision to adequately meet the demand for public swimming, swimming clubs and a learn to swim programme. Existing facilities are already under significant strain from a capacity perspective and the age and declining quality of RFSC will exacerbate that situation by displacing demand to other, more attractive facilities in the area.

13 In order to deliver a swimming programme which meets the needs of the full range of users, a replacement facility will need to provide an increase in water space and it will need to be configured to allow for maximum flexibility in terms of programming between club, public and learn to swim sessions in particular.

14 With regard to health and fitness provision, SLC's latent demand assessment, the IBFS and the more detailed Needs Assessment all come to the same conclusion with regard to the existence of a theoretical oversupply of provision in the area, as is the case in most places in the UK. However, the IBFS and Needs Assessment also concur with SLC's view that this should not translate into the exclusion of health and fitness provision from new leisure provision, given its vital role in an overall leisure centre membership offer and its ability to generate income. Given the level of competing provision in the market, membership assumptions within the business plan will need to be set with this in mind but balanced by the strength of appeal of a new, large-scale leisure centre offer and the potential impact of the Covid-19 pandemic on competing supply.

15 Sports hall provision has only been included in the optimal facility mix in the form of a 4-court sport hall. The IBFS Needs Assessment and FPM report are clear that there is some pressure on existing supply, but that most unmet demand is locational rather than the result of a lack of overall capacity. Population growth will further exacerbate existing capacity issues, so additional provision does need to be considered, although the extension of opening hours at existing

facilities would provide a more cost effective option if considered to be feasible. Given the likely lower return on investment potential of a sports hall and the limitations of the site in terms of footprint, its inclusion in only the optimal facility mix is justified.

16 As part of the Stage 1 Options Appraisal, Essential and Optimal facility mix options were developed as shown in Figure 6 below.

Figure 1: Proposed Facility Mix – Essential and Optimal options

Existing Regional Swimming & Fitness Centre	New Build – Essential Mix	New Build – Optimal Mix
25m 6-lane main pool with 300 spectator seats	25m 8-lane main pool with 300 spectator seats	25m 8-lane main pool with moveable floor and 300 spectator seats
17m x 6m teaching pool	15m x 10m teaching pool	17m x 15m teaching pool with moveable floor
12.5m x 12.5m diving pool	Not included	Not included
None	Not included	350 sqm leisure water with flume, water features and toddler splash zone
Sauna and steam	Sauna and steam and relaxation area	Sauna and steam, relaxation area and treatment rooms
90 station gym	150 station gym	175 station gym
2 x exercise studios – 20 and 25 person capacity	2 x exercise studios (with moveable partition between) – both 40 person capacity	2 x exercise studios (with moveable partition between) both 40 person capacity 1 x smaller yoga/pilates studio - 20 person capacity
1 x spinning studio – 20 person capacity	1 x spinning studio – 20 person capacity	1 x spinning studio – 20 person capacity
		4-court sports hall
		Softplay
		Clip n Climb
	Café – 50 covers	Café – 75 covers

17 The needs analysis work supports these proposed facility mix options and has identified no evidence to suggest that these options should be altered.

18 Layout drawings and site plans for both facility mix options were developed as part of the Stage 1 Options Appraisal which, given the findings above, are still applicable and can be used to inform the financial modelling of options. A cost for fittings, furniture and equipment, including gym equipment, has been added to the previous budget cost estimates by cost consultants Castons in order to further inform the financial modelling.

19 The layout drawings, site plans and budget cost estimates are provided within PWA's full report on the Stage 1 Options Appraisal in Appendix D. The total development costs excluding land purchase and including inflation based on a start on site in March 2022 are as follows:

- Essential Mix: £21.14M
- Optimal Mix: £31.26M

20 Land purchase, developer profit and developer finance cost estimates are applied to these budget cost estimates to provide overall developments costs which inform the capital financing requirements that are subsequently built into the financial modelling.

21 SLC has developed a detailed financial model for a replacement facility based on the development of the Essential and Optimal facility mixes, forecast over a 15-year period and factoring in capital financing and lifecycle costs to understand the overall return on investment. This is then compared with the Council's alternative options, namely the retention and eventual closure of the existing RFSC, and retention and eventual replacement of RFSC in 10 years' time.

22 The options considered through the financial modelling are summarised as follows:

- **No Replacement –** RFSC continues to operate with the required investment for the remainder of its viable life (c. 10 years), at which point it is closed and not replaced
- **2031 Replacement –** RFSC continues to operate with the required investment for the remainder of its viable life (c. 10 years), at which point it is replaced by new facility with the Essential facility mix at an indeterminate site
- **Essential –** RFSC continues to operate with minimal investment until the opening in 2024 of a new facility with the Essential facility mix at the Pleasure Fair Meadows site
- **Desirable –** RFSC continues to operate with minimal investment until the opening in 2024 of a new facility with the Optimal facility mix at the Pleasure Fair Meadows site.

23 This approach has been taken to demonstrate the relative costs of each option over the next 15-years. The Essential and Optimal facility mix models have also been extrapolated out over a 40-year capital repayment period to assess the capacity of the proposed facilities to cover the development costs over their expected lifespan.

24 The financial modelling has also included a comparison between different management models, including a multi-site external operator model and a Local Authority Trading Company model.

25 Table ES1 shows a comparison of the options based on 15-year totals. This demonstrates that all options would require a subsidy from the Council or for alternative sources of capital funding to be found to reduce the borrowing requirements. The lowest cost option over the 15-year period is the Essential option, operated under an external operator at a total cost of £10,081,420.

26 Whilst this is a significant funding gap, if the Council believes that the facility will need to be replaced once it reaches the end of its usable life, this option actually represents a saving of c. £9.4M compared with the 2031 replacement option.

27 Due to its lower capital cost requirements, the Essential option offers marginally the best value option over a 15-year period. However, if the figures are extrapolated with adjustments for inflation over a 40 year period from the development of a new facility, the Optimal option has a smaller overall funding gap of £12.8M compared with £17.8M for the Essential option.

Table ES1: Comparison of Options

Options Comparison - 15 Year Total	2031 Replacement	No Replacement	Essential	Optimal	2031 Replacement	Essential	Optimal
Replacement Facility Operating Model	External	LATC	External	External	LATC	LATC	LATC
Income	£29,095,971	£11,965,838	£44,679,443	£64,200,755	£27,386,663	£40,610,799	£58,179,980
Expenditure	£28,938,187	£15,587,838	£34,286,612	£45,905,679	£29,304,852	£35,117,449	£47,135,340
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Other Costs	£4,943,398	£2,887,288	£5,689,357	£8,031,915	£5,547,885	£7,079,263	£10,117,663
Capital / Lifecycle Costs	£14,663,861	£6,676,097	£14,784,893	£21,577,023	£14,663,861	£14,784,893	£21,577,023
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40-Year Net Surplus /	***n/a***	***n/a***	***(£17,767,335)***	***(£12,771,278)***	***n/a***	***n/a***	***n/a***

28 The key conclusions arising from the feasibility study on the replacement of RFSC are as follows:

a) The current state review of the existing RFSC shows that overall level of usage and income is relatively typical for a facility of the age of RFSC and there is no evidence of a significant decline in financial performance over recent years. However, usage and financial performance is significantly below what would be expected from a comparable modern leisure facility in a number of key areas. This is considered to be largely as a result of the poor condition and quality of facilities at RFSC

b) The needs analysis has demonstrated that there is clear evidence of a lack of capacity within existing provision to adequately meet the demand for public swimming, swimming clubs and a learn to swim programme. This is apparent through desktop studies and is supported by the engagement undertaken with key stakeholders Vivacity and Swim England

c) Any replacement facility will need to provide an increase in water space and be configured to allow for maximum flexibility in terms of programming between club, public and learn to swim sessions in particular

d) Whilst desktop analysis has indicated a theoretical oversupply of health and fitness facilities in the city, the inclusion of a high quality, suitably sized gym facility with accompanying exercise studio provision would still be highly recommended for any new leisure facility and would expect to capture a strong share of the existing market.

e) There is demand for additional sports hall provision in Peterborough as demonstrated through the Sport England Facility Planning Model report and Indoor Built Facilities Strategy

f) The results of the needs analysis supports the facility mix options developed as part of the Stage 1 Options Appraisal and has identified no evidence to suggest that these options should be altered.

g) Taking into account the repayment of lifecycle costs identified through condition surveys, the total cost of continuing to operate the existing RFSC over the remainder of its usable life is c. **£13.2M.**

h) Taking into account the capital repayments over the period of both the condition survey investment costs and new facility build costs and lifecycle costs for the new facility, the total cost over a 15-year period of replacing RSFC when it comes to the end of its usable life in 2031 is c. **£19.4M**

i) Taking into account the capital repayments of the new build and lifecycle costs for the new facility, the total cost over the 15-year period of the Essential facility mix option is c. **£10.1M** under an external operator management model or c. **£16.4M** under the LATC model

j) Taking into account the capital repayments of the new build and lifecycle costs for the new facility, the total cost over the 15-year period of the Optimal facility mix option is c. **£11.3M** with an external operator management model or c. **£20.7M** under the LATC model.

29 The recommendations for the Council are as follows:

- Assuming that the Council agree that there is a strategic need to replace the facility at some point and that it would be unacceptable to allow the facility to close without replacement, best value would be achieved by making that investment immediately rather than sinking further cost into sustaining an old, inefficient and suboptimal facility
- Of the two facility replacement options, there is little difference in the total cost over 15 years with the Optimal option being slightly more expensive over the period. This option does, however, provide a much more significant level of provision for a relatively small increase in overall cost, so the Council should consider this to be the best value option. This is further supported by the fact that over a longer period, the Optimal option is likely to prove to be a less costly option than the Essential facility mix, as demonstrated by the extrapolation of costs over a 40-year period
- The modelling clearly indicates that external management by a multi-site provider would be the most financially advantageous operating model. However, the Council may wish test this further through a more detailed options appraisal which considers the whole of the Council's leisure portfolio and which also assesses the non-financial implications of different management models.

1. Introduction

Background context, previous work and key required outputs of the study

1.1 Background

1.1.1 Peterborough City Council's Regional Fitness and Swimming Centre (RFSC), also known as Regional Pool, was built in 1976, last refurbished in 2011 and is considered to be coming to the end of its useful operational life. It is expected that it will need to be replaced or be subject to major renovation and refurbishment within the next 5 – 10 years, with the latest condition survey recommending c. £6m of work over the next decade, the majority of which (c. £4.5m) is required in the next two years.

1.1.2 RFSC is an outdated facility which fails to meet modern expectations in terms of design and overall quality of provision. Essentially a swimming pool with some fitness facilities, it has a limited offer compared with modern, multi-use leisure facilities. Poor quality changing facilities and a disjointed layout over three levels makes it uninviting and provides for a poor 'customer journey' and overall experience.

1.1.3 Previous studies have identified that the city has a relatively poor supply of water space in comparison to the national average and the overall quality of pools in the area is a concern, especially with a view to provision in the longer term. Publicly accessible pools are considered to be at a capacity, limiting their ability to meet existing and future demand for swimming activities.

1.1.4 Despite the age and condition of RFSC, it facility remains well used and plays a critical role in providing publicly accessible swimming pool space for Peterborough residents, local schools, colleges and community groups and is also home to the city's thriving and high performing swimming club.

1.1.5 Low energy efficiency and high operating costs together with the extensive lifecycle works identified through the condition surveys means that RFSC is reaching the end of its economic life. This combined with the importance of publicly accessible swimming pool space and identified need for future provision means that the strategic case for a replacement facility is clear.

1.2 Stage 1 Options Appraisal

1.2.1 In March 2020, Paul Weston Architect (PWA) was appointed by Peterborough Investment Partnership (PIP) to undertake an initial high-level options appraisal for the replacement of RFSC on the Pleasure Fairs Meadow site in Peterborough. The Sport, Leisure and Culture Consultancy (SLC) were appointed by PWA as sub-consultants to support this work.

1.2.2 Two distinct facility mix options were identified by PWA and SLC based on the existing facilities at RFSC, the findings of Peterborough City Council's (PCC) Indoor Built Facilities Strategy and a high level supply and demand assessment of additional "non-core" facilities (i.e. climbing, soft play, indoor assault courses), and developed through discussion with officers from the Council.

1.2.3 Site plans and layout drawings for both of the agreed facility mix options were developed to demonstrate how the options could work on the site and budget cost estimates produced to identify the overall likely development costs. A high level business plan showing the projected income and expenditure for each facility mix was also developed which was compared with the "do nothing" option of continuing to operate the ageing RFSC.

1.2.4 A copy of PWA's report on the Stage 1 Options Appraisal is provided as an appendix to this report.

1.2.5 This initial high-level options appraisal was not informed by detailed needs assessment work and SLC was subsequently commissioned by PIP to undertake a further latent demand assessment to supplement the evidence base for a replacement facility.

1.2.6 The findings of this assessment can be summarised as follows:

- An oversupply of health and fitness provision equivalent to 757 stations at current population levels and 646 stations in 2025 was identified within the catchment of RFSC. Whilst this suggests that there is not demand for additional health and fitness provision, the inclusion of a high quality, suitably sized gym facility with accompanying studio provision would still be highly recommended for the new leisure centre development given the trends in participation growth and the potential impact of the COVID-19 pandemic both on competing supply and demand
- The latent demand assessment showed a small oversupply of general swimming provision within the catchment equivalent to 250 SQM at current levels and 163 SQM in 2035. This contrasts with the City's Indoor Built Facility Strategy and Facility Planning Model (FPM) findings which suggested a shortfall equivalent to 9 x 25m lanes. However, SLC's assessment is based on peak time capacity for general swimming, but actual peak time capacity is likely to be reduced due to the programming of other swimming pool activities (e.g. lessons and swimming club sessions etc.) during these times
- The proportion of local swimming demand which relies on local authority provision compared with alternative commercial leisure club facilities will also place added pressure on water space capacity at Council facilities
- The latent demand assessment showed a significant current undersupply of swimming lesson provision equivalent to 2,579 pupils falling to 1,983 pupils in 2035. This suggests there would be significant potential for a strong swimming lesson programme at a replacement facility, and the configuration and programming of any water space provision should be considered accordingly. This also supports the need for significant main pool water space which can provide additional capacity for swimming lessons in addition to general swimming capacity
- The current RFSC also plays an important role in meeting need from schools for school swimming lesson provision which would need to be reprovided at a new facility in the event of its replacement
- Given the current demand for water space at RFSC and demand pressures at peak time as suggested by the FPM study, as well as the high levels of unmet demand for swimming lessons, the inclusion of more flexible water space to replace the current provision at RFSC would be recommended.

1.2.7 Based on these findings and building on the Stage 1 Options Appraisal, a requirement for more detailed feasibility work was identified in order to further explore the need for a replacement for RFSC and to develop the overall business case in more detail.

1.3 Our Terms of Reference

1.3.1 SLC has subsequently been appointed by PIP, working in partnership with PCC, to undertake further detailed feasibility work through delivery of the following workstreams:

- Review and analyse usage and financial performance over the last 3 years including health and fitness membership, swim school numbers etc. to identify trends in usage and financial performance of key income streams and any capacity issues / opportunities to meet existing demand as part of the new facility mixes

- Review the Council's existing Indoor Built Facilities Strategy (IBFS) including the detailed Needs Assessment and Sport England Facilities Planning Model reports and consider the outputs in light of any subsequent facility developments / closures
- Focused engagement with selected stakeholders including National Governing Bodies of Sport and Vivacity to gather further evidence on specific areas of need
- Identify / confirm the Essential and Optimal facility mixes based upon the current state review and needs analysis, and amend existing layout drawings, site plans and development cost estimates if required
- Develop a baseline financial model to establish the likely cost of "do nothing" in order to inform the overall business case. This is to be informed by further condition survey work to identify future medium / long term lifecycle costs of the existing facility.
- Develop 15-year revenue business plans for the Essential and Optimal facility mix options which identify the projected income to be generated by specific facility areas and activities, and the expenditure associated with these activities alongside the overall operational costs of the new facility. The projections are to be based on clear assumptions and a strong rationale regarding usage and membership numbers informed by the needs analysis work and tested against industry benchmarks. The financial model will be based upon operation by a multi-site national operator on the assumption that the new facility will be operated under a new management contract, procured through an open market tender process. It will also need to show how this compares with operation under the Council's planned Local Authority Trading Company model. Finally it will require a sensitivity analysis which tests scenarios of under and over performance.

1.4 Structure of our Report

1.4.1 The remaining sections of this feasibility study report have been structured to meet the requirements of the project brief, as shown in Table 1.

Table 1: Report Structure

Section		Key Content or Output
2	Current State Review	Review of historical financial performance and usage trends of RFSC
3	Stakeholder Engagement	Results of engagement with key stakeholders – Vivacity and Swim England
4	Supply and Demand Analysis	Review of the Council's Indoor Built Facilities Strategy and Sport England's Facility Planning Model reports
5	Key Conclusions from Needs Analysis and Implications for Facility Mix Options	Key conclusions arising from current state review, stakeholder engagement and supply and demand analysis and implications for the proposed facility mix options
6	Financial Modelling of Options	15-year revenue business plans for facility mix options and comparison with 'do nothing'. Overall business case / return on investment taking account of capital financing costs.
7	Conclusions and Recommendations	Key conclusions from feasibility study and recommendations to the Council.

1.4.2 Supporting information is included in a series of Appendices.

2. Current State Review

Review of historical financial performance and usage trends of RSFC to inform the assessment of need

2.1 Introduction

2.1.1 In order to supplement the needs assessment work undertaken as part of previous workstreams, SLC has undertaken a high level review of the performance of RFSC in recent years. This includes a review of the membership numbers and throughput of the existing facility, as recorded by the operator Vivacity, and the financial performance of the facility.

2.1.2 This is designed to inform an understanding of the trends in the usage and financial performance of the facility over recent years, potential issues around capacity and demand, and the extent of the existing user base which would be likely to transfer to a new replacement facility.

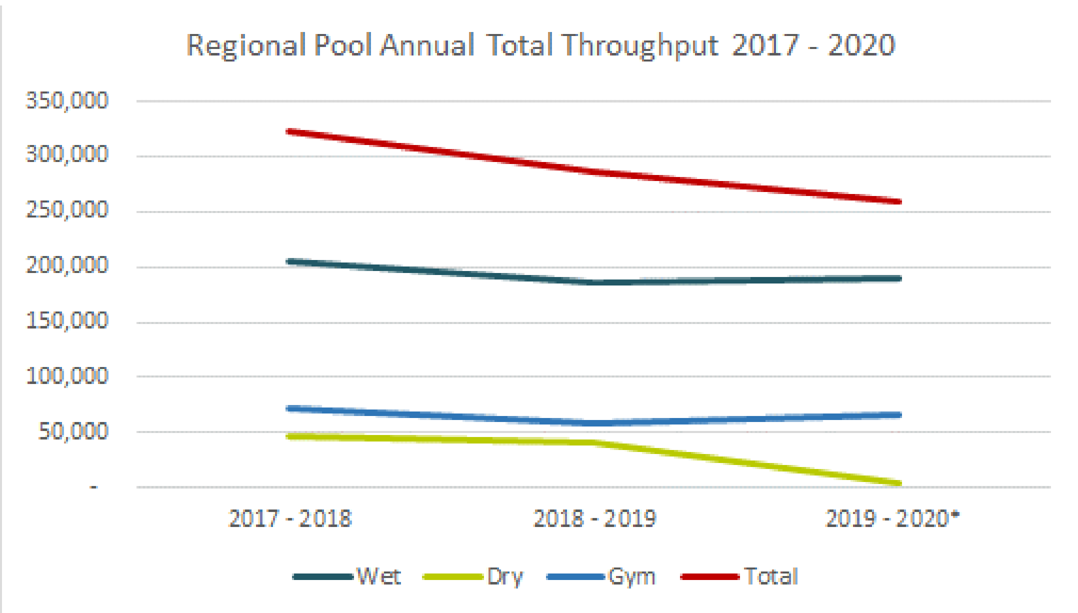
2.1.3 The review is based upon information provided by Vivacity for the years 2017/18, 2018/19, and 2019/20 (up to the end of February 2020 and extrapolated to provide an estimated full year's figures). The assessment is to some degree restricted by Vivacity's own data collection and recording methods which dictate the level of detail available.

2.1.4 Where possible and appropriate, comparisons with typical or comparable leisure facilities have been made, drawing on SLC's experience and understanding of leisure operations.

2.2 Usage and Memberships

2.2.1 Figure 2 shows the trend of usage levels at RSFC including swim academy (lessons) and school swimming throughput over the past 3-year period. This demonstrates a decline in usage levels over the period, albeit not a steep one. Swimming academy, gym admissions and other areas of wet and dry throughput all show a decline over the period, although wet and gym usage appear to have stablised between 2018-19 and 2019-20.

Figure 2: Total Annual Usage - 2017 - 2020

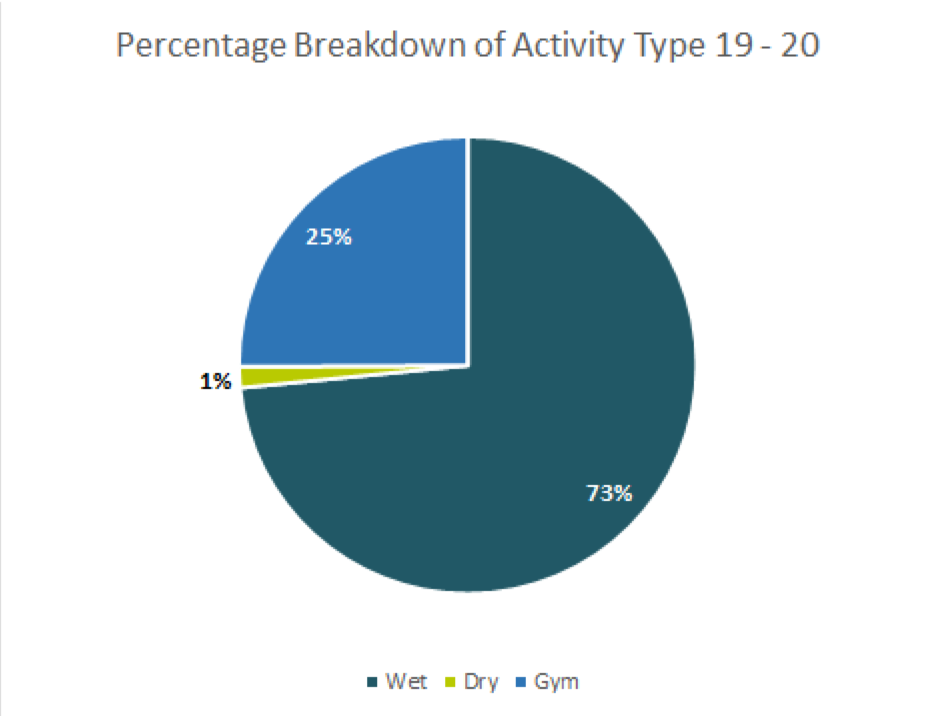


2.2.2 The largest decrease in activity appears to be for "dry" activities which include room hires, classes, personal training and spectators. Whereas in previous years, classes throughput is shown at c. 35K, no throughput is shown for 2019-20 and there is no corresponding increase in usage elsewhere. This may therefore be an anomaly in the recording of throughput data for 2019/20 which is perhaps overstating the apparent decline.

2.2.3 Overall the total throughput figures show a 20% decrease over the period, although this falls to c. 8% if the anomalous "dry" throughput figures are discounted. This level of decline is not unexpected in a facility of the age and condition of RFSC, where existing customers are more likely to be attracted to newer, higher quality facilities elsewhere in the area.

2.2.4 Figure 3 shows the proportion of throughput attributable to different facility areas based on 2019/20 data. If "dry" throughput were included at previous levels of c. 35K the split would be closer to 66% wet, 22% gym, 12% dry, but this demonstrates the heavy emphasis on RFSC as a swimming facility first and foremost. Over 1/3 of swimming activity at the facility is from the swimming academy / school swimming programme which had c. 75K attendances last year. This demonstrates the importance of the facility from a learn to swim perspective and in terms of its role in providing publicly accessible water space.

Figure 3: RFSC 2019-20 Throughput by Activity Type



2.2.5 The level of swimming throughput (c. 190K per annum) is reasonable for a swimming facility of this size, albeit modern facilities typically achieve significantly higher throughput levels of 300K plus visits per annum. The number swimming lesson pupils (1070) is relatively low for a medium-sized swimming facility such as RFSC with a dedicated teaching pool, albeit the average number of swim academy students has increased over recent years along with an expansion of the number of lessons, suggesting that there remains good levels of demand.

2.2.6 Gym admissions at c. 65K are very low for what would be expected for a facility of this size. An 85-station gym would typically expect to have in excess of 2,000 members and c. 100K visits per year. Membership numbers have been in decline over recent years from c. 1,800 in 2016-17 to c. 1500 currently. At under 18 members per station, this is significantly below expected levels. A membership base of a minimum of 22-25 members per station would be typical for a facility like RFSC and more like 28-30 members per station for a high performing facility. Given the increasing importance of a strong group exercise programme as part of a good quality health and fitness offer, it is likely that the limited programme at RFSC, due to the limited studio space, is contributing to the low membership numbers.

2.2.7 It is likely that the relatively low usage levels overall reflect, to a large extent, the ageing nature of the facility and its declining appeal to users with more attractive alternatives to choose from, particularly in terms of health and fitness provision.

2.3 Financial Performance

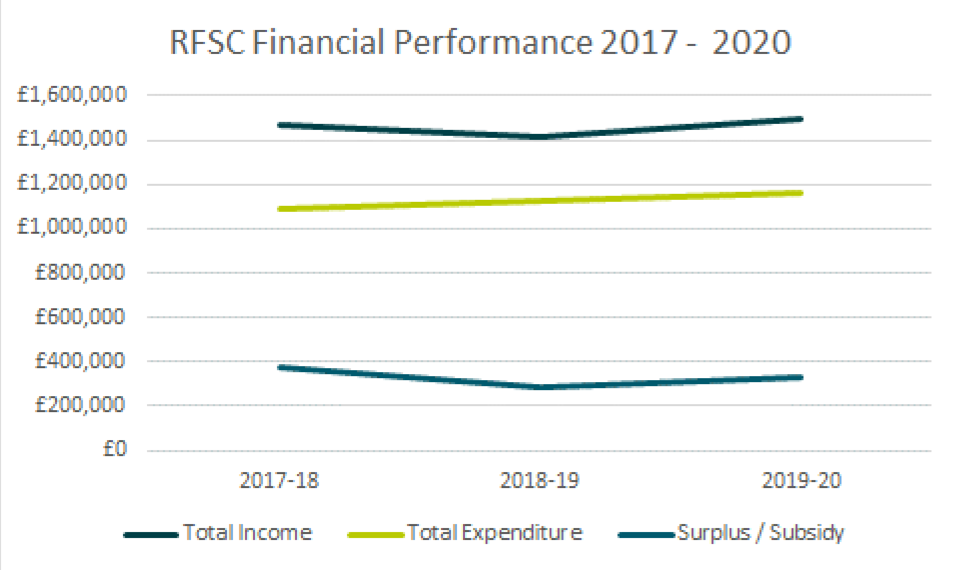
2.3.1 SLC has been provided with copies of Vivacity's management accounts to inform a review of the recent financial performance of the facility. It should be noted that Vivacity treated the swimming academy as a separate cost centre, so whilst specific swim academy income is attributable to RFSC, expenditure is allocated on a proportionate basis (55% of total). It is also important to note that the figures for RFSC do not appear to include discernible central / support service costs (central management, payroll, HR, I.T., Health and Safety etc.) nor do they include utilities and significant maintenance items which are the responsibility of the Council currently. Utility costs for the facility are understood to be c. £150k per annum.

2.3.2 Figure 4 shows a summary of RFSC's financial performance over the past 3-year period, based on Vivacity's figures, with 2019/20 figures having been extrapolated out from the 11 months of data received in order to provide comparable figures.

2.3.3 This shows a surplus level of last year of c. £331K taking into account income and estimated expenditure from the swimming academy. The surplus in 2017/18 was higher at c. £372K from a similar income position and reduced expenditure (particularly staff costs). The 2019/20 figures show an overall improvement from the previous year of c. £44K.

2.3.4 With budgeted maintenance and lifecycle expenditure in 2019/20 of c. £115K and typical utility costs of c. £150K, this leaves a modest surplus of c. £66K. However, as noted above, there are no central support costs attributed to the accounts and once these are included it would likely shift this into an overall deficit position. Given the age of the facility, it is very likely that in the coming years income will fall as the appeal of the facility is diminished, and maintenance and running costs will increase, further increasing this deficit.

Figure 4: RFSC Financial Performance

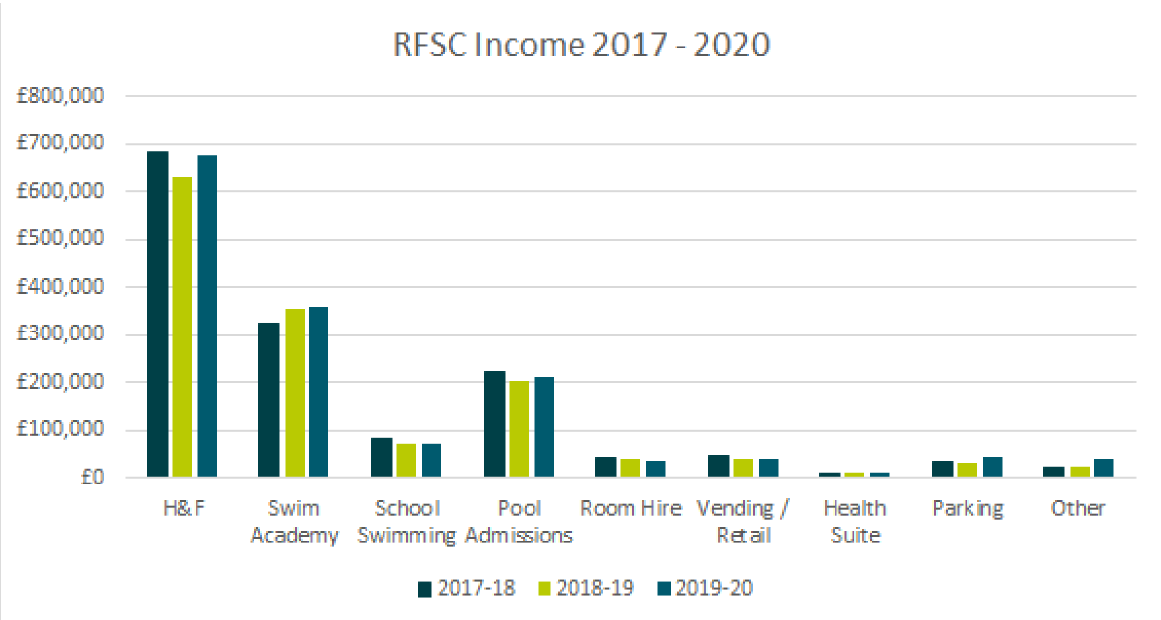


2.3.5 Figure 5 shows trends in different areas of income over the last 3 years. Health and fitness income including membership income, is the most significant income stream at RFSC and has fallen over the period, albeit 2019-20 shows a partial recovery from the c. £50K fall in income the year before.

2.3.6 As with usage and membership numbers, health and fitness income is below what would be expected for a facility of this scale with c. £8K per station when £10K+ would be a more typical return.

2.3.7 Swim academy income is the second most significant income stream and one which has experienced growth over the period. This has been an area targeted by Vivacity and the increased income reflects an expansion of the swimming lesson programme at RFSC. SLC has identified this as an area of strong latent (unmet) demand; a position which is supported by evidence of recent growth in lessons at RFSC.

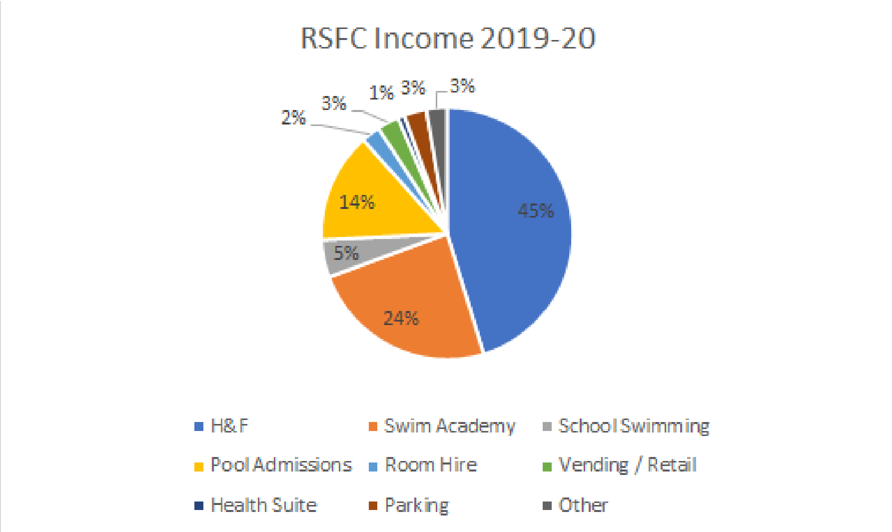
Figure 5: RFSC Income 2017 - 2020



2.3.8 Pool admissions have fallen slightly over the last 3 years. This is believed by the centre manager to be as a direct result of the expansion of the swimming lesson programme and a lack of investment into equipment such as inflatables to encourage more family swimming. It was also suggested that the programming of additional casual swimming sessions is limited to some extent by the pool space required by the City of Peterborough Swimming Club (COPS).

2.3.9 Other areas of income are relatively stable, with small increases in parking, health suite and other income over the period. The minimal level of vending / retail income is notable. A café offer would normally be a core component of a leisure centre offer, particularly one with a significant swimming lesson programme and family offer and one which plays host to swimming galas with large numbers of spectators.

Figure 6: RFSC 2019-20 Income



2.3.10 Figure 6 demonstrates the reliance on the gym and pool within the current facility mix. Health and fitness memberships and casual health and fitness income contribute 45% of total income and swimming makes up a further 43%. This is to be expected from a facility with a core offer of swimming and fitness but a more diverse facility mix could draw on a wider range of income streams and serve a more extensive customer base.

2.3.11 Staffing is the biggest cost of any public sport and leisure facility. However, the staffing costs at RFSC are relatively high at over 61% of income when c. 50-55% would be more typical for a wet and dry leisure centre. It is likely therefore, that there is significant scope for a replacement facility to be operated more efficiently from a staffing perspective. However, it may also be the case that this percentage is more of a reflection of relatively low income and the proportion of water space within the facility and inefficient layout of an older building will also contribute to the proportionally high staffing costs. Either way, a new well designed facility will support the opportunity to improve staffing cost efficiency.

2.4 Summary

2.4.1 The overall level of usage and income is relatively typical for a facility of the age and condition of RFSC and there is no evidence of a significant decline over the past 3 years. Usage and financial performance is, however, significantly below what would be expected from a comparable modern leisure facility in a number of key areas.

2.4.2 Health and fitness membership and income levels are well below the level which would typically be expected for a facility of this size and whilst there is competition locally, it is likely that this is to a large extent due to the availability of more attractive and better value alternatives elsewhere. An improved facility with a health and fitness offer of a similar scale would typically generate substantially higher membership and income levels.

2.4.3 Swimming lessons income has grown with an expansion of the programme in recent years, although this has resulted in some loss of casual swimming income. The number of swimming lesson pupils for a facility of this scale, however, remains relatively low and the latent demand assessment previously undertaken suggests there is potential for further expansion of the programme subject to capacity of the pools and specifically, the availability of shallow water space.

2.4.4 Casual pool admissions have fallen which the centre manager suggests is partly due to a reduction in public swimming sessions to accommodate more swimming lesson provision, as well as a lack of investment. A larger facility, particularly one with a moveable floor, would have the capacity to deliver a substantially expanded swimming lesson programme without compromising public swimming provision to the same extent. It would also be possible to provide more availability to the City of Peterborough Swimming Club who are also currently competing for water space with the swimming lesson programme and public swimming sessions.

3. Stakeholder Engagement

Summary feedback from discussion with key selected stakeholders

3.1 Introduction

3.1.1 In order to inform the needs analysis of replacement facility provision and to provide additional context to the desktop review of supply and demand described in Section 4 of this paper, SLC has undertaken focussed engagement with identified key stakeholders.

3.1.2 Given the confidential nature of this feasibility work and the sensitivities surrounding it, the level of engagement has been limited to the Council's leisure operator Vivacity and the National Governing Body for swimming, Swim England.

3.1.3 This section provides a summary of the feedback provided by these stakeholders.

3.2 Feedback from Stakeholders

Vivacity – General Manager, Regional Fitness and Swimming Centre

3.2.1 SLC consulted with the General Manager of RFSC to discuss the challenges associated with the existing facility in terms of capacity and any opportunities that should be considered for any new facility provision. This discussion was supplemented by a written response to a series of questions posed by SLC. A summary of the key points arising from the discussion and written response is provided below.

Are there any particular capacity issues at RP currently? If so, in which areas?

- RFSC is an ageing pool and is "stretched to breaking point" struggling to meet demand for pool space to support the combination of requirements for swimming lessons, casual lane swimming and club and school use.
- Customer 'journey' is poor due to current layout of building over three floors and ancillary areas such as changing rooms are unappealing
- Gym memberships have declined over the past 6 years from a peak of c. 1800 in 2016/17 to c. 1500 currently. This partly due to increased competition, mainly Premier Fitness in Hampton and budget gyms within the city centre. Also due to age, quality and condition of facility. An improvement in facilities would allow for a higher membership base and increased gym – c. 125 stations+
- RFSC has two studios which host a variety of classes but popular classes reach capacity very quickly so additional studio space is required
- Pay as you go (casual) swim admissions have also decreased over the last 4 years which is believed to be a direct impact of the successful growth in swimming lessons and the lack of investment into equipment such as inflatables to encourage more family fun swimming. A larger pool (8 lanes) would be able to accommodate more lessons, more public swimming and increased capacity for City of Peterborough Swimming Club (COPS) who require more pool space/time.
- The existing teaching pool gets up to capacity very quickly and increased capacity of this alongside a larger main pool would allow for fewer lessons in the main pool which would increase public availability or other sessions, including school sessions for which there is strong demand

- A larger main pool would also mean COPS would be able to host higher tiered galas.
- The swimming lesson programme has grown significantly in recent years from c. 650 in 2014/15 to the current figure of c. 1070 with c. 200 on the waiting list and a number of 'bottlenecks' at certain stages. There is sufficient demand to "double the swimming lesson programme".
- The showers and changing room design is a key weakness and puts off many workers and commuters using RFSC. The current separate male and female wet change is not ideal and a changing village would be very beneficial for swimming lessons and school swimming with the emphasis now on safeguarding children and vulnerable adults as well as the current social distancing requirements.

Linked to above, is there demand for additional space, activities or services which you're currently unable to meet due to the constraints of the existing RP layout/size?

- There is demand for more free weights and functional training activities in the right surroundings such as a 'CrossFit' area. This would not only attract new and different users but also provide opportunities for more personal training.
- Additional exercise studio space including a dedicated spinning (group cycling) studio with interactive or on demand sessions would also attract more use and help to diversify the offer
- A flexible, multi-use room which could be used for meeting space, birthday parties, ad hoc bookings and galas would be highly beneficial. Currently such use has to be accommodated in the exercise studio which impacts upon the class programme and subsequent income generation.

What's your view on the local market for key income streams such as health and fitness and swimming lessons?

- The immediate competition for RFSC is the budget gym market and RFSC is unable to compete on price with this market. However, RFSC does have the benefit of pool provision as part of a more diverse offer but the current age and condition of facilities makes it difficult to compete. RFSC attracts a large number of older users and this should continue to be a key target market in the future.
- Swimming lessons is a significant income generator with potential to grow. However, the current size of the pool and its configuration does not allow for growth without impacting upon public swimming sessions.
- Health and wellbeing services bring in some additional daytime use and income through the studios - the NHS and our internal H & W department run sessions throughout the week. Increased studio space could help to extend and diversify this offer.

Do you have any thoughts on additional complementary provision such as soft play, clip and climb etc. supported by café provision?

- Trending activities such as these would be great to attract new and different users and would enable birthday parties etc. as part of a more diverse offer and to give it more of a 'destination' feel to increase dwell time and secondary spend e.g. café.
- There is definitely strong market potential for an increased offering for children and teens in Peterborough as well as the option of corporate activities and there would likely be a captive audience as there is not much of this type of activity locally.

Swim England – Leanne Brace, Development Manager East Region and Ryan Davies, Facilities Officer

3.2.2 SLC held a virtual meeting with Leanne Brace and Ryan Davies from Swim England to seek their views of swimming provision currently in the area, challenges associated with the existing RSFC and opportunities for consideration as part of any new development of swimming facilities.

3.2.3 The discussion was supplemented by a written response to a series of questions posed by SLC. A summary of the key points arising from the discussion and written response is provided below.

Are you able to provide an overview of swimming facilities provision in the area. Any identified shortfalls or over-provision?

- The water provision for the area shows a deficit of 316m² along with an unmet demand of 239m², which would indicate that we should be aiming to provide a similar facility replacement in terms of water volume. Regional Pool currently provides 622m² of water space. *Note: SLC understands that this deficit has been identified through the Sport England Active Places Power platform which is a relatively simplistic tool and does not fully explore all factors of supply and demand.*
- RSFC is one of only three swimming facilities in the district which are open to community on a "pay and play" basis. The others are Jack Hunt Pool and Gym and Stanground Sports Centre.
- SE note the general trend nationally of a reduction in the provision of deep water space as part of new facility developments. SE would support the inclusion of deep water to cater for water polo, synchronised swimming and diving but recognise that there are no clubs currently delivering these activities at RFSC and the demand is low.
- An 8 lane pool will provide a wider range of activities along with creating more demand for regional competition use.
- There are a lack of facilities in the area with sufficient spectator seating to support regional events. Despite the challenges with RFSC, this is a positive aspect of the current provision and means it is well used for events.

Are you aware of any challenges with capacity of existing pools in the area and specifically the existing Regional Swimming and Fitness Centre in Peterborough? i.e. club use, swimming lessons demand etc.

- With the 6 lanes currently, it is difficult to hire to clubs and maintain public use alongside the learn to swim programme. With an increase in lanes to 8 or even 10, this would allow for multiple activities to take place simultaneously.
- City of Peterborough Swimming Club (COPS) are a very high performing club (in the top ten in the country) who "punch above their weight" and have developed a number of elite swimmers over the years. They currently hire approximately 30 hours per week but there is always a need for more space. COPS do not provide a learn to swim service, so all their programme is concentrated around competitive swimming.
- There is significant demand for additional pool space from other clubs in the local area. Within a drive time of 30 minutes or less to the pool, there are the following clubs:
    - March Marlins
    - Whittlesey SC
    - Deepings SC
    - Corby SC
    - Wellingborough SC
    - Kettering SC
    - Chatteris Kingfishers SC

  - South Lincs Competitive SC
  - Spalding SC
  - Huntingdon SC

- Clubs are consistently are looking for more water time to hire, and with a large list of local clubs, and the ease of travel to Peterborough using the A1, A15, and A47 there is demand for more pool time available for the clubs to hire.

Are there any challenges with the existing provision and layout of swimming facilities at the Regional Swimming and Fitness Centre ?

- Pool length is not certified, therefore higher level of competitions cannot be held here as it is not compliant to licensing regulations. It can only host level 4 competitions (the lowest level) but is regularly used due to spectator area seating being available.
- Poolside is slippery and is often the cause of poolside falls. I have seen a fall each time I attend a competition at the site.
- The number of showers in the wet changing is very limited, and result in swimmers not being able to use them effectively prior and post training.
- The cubicles in the wet changing room do not have doors. Instead they have curtains, which causes concern from a welfare point of view for club usage (lack of direct supervision).
- The layout of the lanes and the deep water space causes complications during competitions as the officials cannot walk the length of the lane, and the starter has to stand on a board over the water.

Are you aware of any other swimming facility developments planned in the area that will have implications upon the planning for a new facility in Peterborough?

- None that we are aware of.

Is Peterborough considered a priority area for swimming development in the East region?

- Peterborough SC is one of the top 10 clubs in the country, and we use Peterborough as one of our regional development sites for talent camps on a regular basis. With better provision, we will be able to deliver more talent camps and workshops in the area.

What mix of swimming facilities would you ideally like to see in any new, replacement provision?

- Of the proposed facility mixes, SE's preference would be for the Optimal Mix to increase the versatility of use.
- Increased flexibility comes with the addition of moveable floors and the "ultimate mix" would include the addition of a bulkhead, which allows the pool to be split into sections and allows for lessons, lane swimming and deep water activities to take place simultaneously.
- A certified length pool of 25M with 8-lanes (or 10 if possible) with spectator seating for at least 300 is required. If more spectator seats are possible, perhaps through temporary seating options on poolside, a higher level of competition (often equates to larger numbers of footfall) could be held.
- Deep water space is being reduced all over the region and if this is removed, it would affect the future of diving, artistic swimming, and water polo in the region. Diving boards are few and far between as it is, and whilst SE appreciates that there is no club making use of the boards at current, by removing them, it would restrict any future possibility of diving to be developed in the area. A moveable floor to a depth of at least 2m would allow for grass roots

artistic swimming and water polo to take place, providing adequate space around the sides of the pool was available for goals to be placed.

- A meeting room/ adaptable studio, with seated capacity for c. 40 people would allow development workshops to take place regularly, and as RFSC is currently an Assessment Site for delivering Swim England teaching and coaching courses, the room would be regularly hired and provide an additional income stream.

3.3 Summary

3.3.1 Consultation with the current operator, Vivacity and Swim England has revealed significant capacity issues at RFSC in terms meeting demand for pool space to support the combination of requirements for swimming lessons, casual lane swimming, schools and club use. There is a need for additional shallow water space to meet growing demand for the swimming lessons programme which has almost doubled in recent years. There is also a requirement for additional main pool space to accommodate the needs of the high performing City of Peterborough Swimming Club and other clubs in the surrounding area from which there is high demand for training space.

3.3.2 Vivacity report that the decline in recent years of health and fitness memberships and income is partly due to local competition but primarily due to the age, quality and condition of facilities at RFSC and the lack of suitable space to develop the exercise class programme. They note that the limited overall offer at RFSC, poor quality changing provision and 'customer journey' restricts the appeal and believe there is strong potential to develop a more diverse leisure offer which appeals to a wider audience, particularly children, young people and families.

3.3.3 Swim England are very supportive of an increase in main pool provision beyond the 6 lanes currently provided at RFSC. This would enable the swimming club to develop further and provide an opportunity to host higher level competitions.

4. Supply and Demand Analysis

4.1 Introduction

4.1.1 The previous options appraisal work drew on the recommendations of the Council's Indoor Built Facilities Strategy (IBFS) which considers at a strategic level the need for sport and leisure facilities to serve the current and future population of Peterborough. The market potential for other "non-core" but complementary leisure facilities such as climbing, indoor assault courses and soft play was also separately assessed.

4.1.2 The subsequent needs assessment work undertaken by SLC considered at a more local level the latent demand for key income generating activities – health and fitness, general swimming and swimming lessons. This was based on a localised supply and demand assessment considering the current and future population and competing supply within an identified drive time catchment around the proposed site.

4.1.3 The IBFS identified an undersupply of sports halls (4 courts currently, increasing to 13 courts by 2036) and swimming provision (9 x 25m lanes currently increasing to 14 x 25m lanes by 2036), and no modelled shortfall of health and fitness. However, SLC's latent demand assessments suggested an oversupply of general swimming and health and fitness provision, and undersupply of swimming lesson provision.

4.1.4 This section sets out the findings of the IBFS in more detail, supported by the Needs Assessment report and Sport England Facility Planning Model Reports on which they are based. This will provide more detail on local elements to the findings which will be of particular relevance to inform the facility mix options for a replacement RFSC.

4.2 Swimming Provision

4.2.1 The latent demand assessment previously undertaken by SLC showed a small oversupply of general swimming provision within the catchment equivalent to 250 SQM at current levels and 163 SQM in 2035. This contrasts with the IBFS findings which suggested a shortfall equivalent to 9 x 25m lanes based on current population levels.

4.2.2 SLC's assessment is based on peak time capacity for general swimming, but actual peak time capacity is likely to be lower due to the programming of other swimming pool activities (e.g. lessons and swimming club sessions etc.) during these times.

4.2.3 The proportion of local swimming demand which relies on local authority provision compared with alternative commercial leisure club facilities will also put added pressure on water space capacity at publicly accessible Council facilities.

4.2.4 The latent demand assessment undertaken for swimming lessons showed a high current undersupply of swimming lesson provision equivalent to 2,579 pupils falling to 1,983 pupils in 2035. This suggests there would be significant potential for a strong swimming lesson programme at a replacement facility, also supported by the recent growth in the swimming academy programme at the existing RFSC.

4.2.5 RFSC is also home to City of Peterborough Swimming Club (COPS), a highly successful club ranked in the top ten in the country and in need of more pool time to continue to meet the needs of its members, grow membership and to provide an important development pathway into competitive swimming.

4.2.6 The current RFSC also plays a critical role in meeting need for school swimming lesson provision which would need to be reprovided at a new facility in the event of its replacement.

4.2.7 Whilst the pressure from swimming lesson demand and swimming club demand, as well as the limitations of commercial leisure pool provision in meeting demand, place the findings of SLC's latent demand assessment into context, the discrepancy with the findings of the IBFS merits further review.

4.2.8 A review of the more detailed IBFS Needs Assessment report and the supporting Sport England Facilities Planning Model (FPM) report on pool provision in Peterborough which informs it, raises the following key points:

- The 9 lane x 25m shortfall in water space is based on the difference between the total accessible supply (over 20m in length) – 1,678 SQM within the local authority area – and the total supply required to <u>comfortably</u> (i.e. at no more than 70% peak time capacity) meet estimated demand from residents within the catchment – 2,148 SQM
- It is estimated that 89.6% of total demand is currently satisfied and that 90.9% of satisfied demand is retained within the local authority area. The 10.4% of demand which is not currently being satisfied equates to c. 4 lane x 25m shortfall, but crucially, of this unsatisfied demand, only 8.9% is as a result of existing pools being full. The remaining 91.1% is as a result of people being outside of the catchment area of an existing facility.
- This "locational" unmet demand is spread across the local authority area with no one "hot spot" of unmet demand being evident, albeit the city centre is still the area of highest need. This suggests that it would not be possible to meet all swimming demand simply by increasing water space. <u>This also partially explains the discrepancy between SLC's latent demand assessment and IBFS recommendation as the latent demand assessment considered a city centre catchment encompassing all local supply but not all demand from within the local authority.</u>
- The 9 lane x 25m shortfall identified by the IBFS is also deceptive in that it refers only to the ideal supply and demand balance within the local authority area if it is treated in isolation, rather than with reference to imported and exported demand and supply in neighbouring areas.
- Having said that, it is clear from the Needs Assessment report and the FPM that there are significant quality and capacity issues at the public swimming facilities within Peterborough which need to be addressed.
- The FPM modelling estimates the used capacity of the Council's swimming facilities to average 97% - 100% at Jack Hunt and Premier Fitness, and 94% at RFSC. In contrast, the used capacity at Bannatynes and David Lloyd is 59% and 36% respectively. Anything over 70% used capacity is considered to be uncomfortably full.
- Consultation with stakeholders undertaken as part of the IBFS suggests that there is considerable unmet demand locally, especially for learn to swim and swimming club sessions.
- The city is home Cambridgeshire's premier swimming club – City of Peterborough Swimming Club – which competes at a high level - in the National Arena League and Premier Division of the East Midlands Section. The club aims to produces national and international swimmers and trains at 5 sites, 2 of which are outside of the Peterborough area (Oundle School and Manor Leisure Centre).
- RFSC is one of the club's key training sites, but the age of the pool presents quality issues and the club needs more pool time and space. They are currently at capacity and are unable to grow the club further without more access. They believe they would be able to double their capacity with additional access to water space. The current RFSC pool is also slightly below regional competition length standards, limiting its potential to host competitions as was originally intended.
- Swim England regard Peterborough as a key development area and are supportive of an increase in provision. They report a deficit of usable water space between c. 470 SQM and 497 SQM although it is unclear how this has been calculated.

4.2.9 Whilst the IBFS may be overstating the level of unmet demand by relying on the local authority supply and demand balance, the research undertaken and anecdotal evidence provided through the Needs Assessment clearly indicates that existing provision is under significant capacity pressures. The age of RFSC is impacting on the quality of provision and the perception of users, and yet used capacity is well over comfortable levels, with additional pressure for more club usage and demand for swimming lessons.

4.2.10 Given the current demand for water space at RFSC and demand pressures at peak time suggested by the FPM study and IBFS, as well as the high levels of unmet demand for swimming lessons and requirement for more water space to meet local club needs, the inclusion of additional and more flexible water space to replace current provision at RFSC would be recommended.

4.2.11 The scale, configuration and programming of any water space provision at a replacement facility should be designed to accommodate a significant swimming lesson programme. Typically this would include a dedicated teaching pool as well as main pool water space which can provide additional capacity for swimming lessons in addition to general swimming and club sessions. This will allow the water space to be programmed more flexibly to accommodate a range of needs, as will an overall increase in the water space provided.

4.3 Health & Fitness Provision

4.3.1 The IBFS and supporting Needs Assessment report include an assessment of supply and demand for health and fitness provision in the area. This is broadly based on a review of existing provision and assessment of demand using UK wide penetration rates.

4.3.2 SLC also undertook a latent demand assessment for health and fitness provision within a localised catchment around Pleasure Fair Meadows, to assess the market potential for additional provision.

4.3.3 The IBFS modelling found a current (2016) need for 797 stations across Peterborough, growing to 932 by 2026 and 1056 by 2036. This compares with a supply of community accessible 1,649 stations within the local authority area. Similarly, SLC's modelling identified a significant oversupply within a local catchment of c. 757 stations at current population levels, falling to 636 by 2035.

4.3.4 This suggests that there is an adequate supply of provision to meet current and future demand. However, as SLC's report and the IBFS both point out, health and fitness facilities are an important element of a wider leisure offer which help to offset the cost of more costly facilities i.e. swimming pools and form an important element of the membership offer being presented to customers. New or extended provision, therefore, should not be considered solely on a desktop supply and demand basis, but rather on its contribution to a comprehensive leisure offer and ability to attract market share. The same is also true of exercise studio provision which is required to serve the needs of health and fitness memberships who will expect an extensive and varied exercise class programme as part of their leisure centre membership offer.

4.3.5 Membership numbers at RFSC are relatively poor, but there is already a solid customer base of c. 1,500 members in place which would be ideally placed to transfer to a new facility. In addition, a new, well-designed facility of the right quality would be expected to capture significant market share, both by virtue of it being a new and attractive facility to potential customers, and as a result of its more extensive leisure offer (i.e. wet and dry facilities) compared with most of the local competing facilities.

4.3.6 The Covid-19 pandemic may also have a bearing on the future market. As has already been shown in Peterborough, the lockdown and subsequent social distancing requirements is placing significant financial pressure on leisure operators and may well force the closure of a number of competing gyms which could further enhance the market potential for health and fitness provision at a replacement RFSC. The impact of the pandemic on customers' perceptions of health, fitness and physical activity over the longer term may also have a positive bearing on future demand.

4.4 Sports Hall Provision

4.4.1 Although there is currently no sports hall provision at RFSC, sports halls are considered one of the core facilities for community sports as they provide a venue suitable for a range of competitive and recreational sports and activities to take place. The need for additional provision was considered as part of the IBFS supported by a Sport England FPM report for the area.

4.4.2 The Needs Assessment identified 32 sports halls of at least one court (badminton courts are used as the measure of sports hall size), 18 of which have 3 courts or more (the minimum size considered to be of value for delivery of a multi-sport community offer). Of the 18 halls identified with 3+ courts, 14 are available for community use, with a total of 69 courts. A high proportion of these, however, are at educational sites which somewhat limits their opening hours and accessibility. Facilities to the north of the city centre appear to be limited and the population in the centre of the city is served with generally below average and poor quality facilities.

4.4.3 The FPM report identifies that 90.4% of demand for sports hall usage within the city is currently being satisfied with 95.6% being met within facilities in Peterborough. The 9.6% of unmet demand is largely the result of residents being outside of the catchment of an existing facility (91%) rather than due to a lack of capacity at existing provision. This applies predominantly to more rural parts of the local authority area.

4.4.4 However, the used capacity at existing provision within Peterborough is also very high at 86.5%. This means existing provision is operating at an uncomfortably full level with little / no capacity to take on additional activity. This is in part due to the importation of demand from neighbouring local authority areas.

4.4.5 The key challenge identified by the IBFS with regard to sports hall provision is in increasing the hours of peak time availability at current sites and increasing the scale of provision to maximise participation. There is little capacity within existing identified provision to meet an increase in demand from participation or population growth, so additional provision is suggested, although this would be secondary to seeking to extend availability at existing sites.

4.4.6 This supports the inclusion of a 4-court sports hall in the proposed optimal facility mix but not the essential facility mix, acknowledging that this is typically a low return-on-investment facility type, albeit one that would play a critical strategic role in enabling and supporting community sport.

4.5 Summary

4.5.1 A review of the detailed Needs Assessment report which underpins the IBFS and the Sport England FPM reports which support them has been undertaken as a check and challenge against the facility mix recommendations for core facility types (swimming pools, health and fitness and sports hall provision) included in the Stage 1 Options Appraisal. It is also intended to provide evidence to support the development of assumptions in the development of the more detailed business plan work to be undertaken as part of this feasibility study.

4.5.2 The review has demonstrated that, whilst the 9 lane x 25m shortfall stated in the IBFS does not provide the full picture, there is clear evidence of a lack of capacity within existing provision to adequately meet the demand for public swimming, swimming clubs and a learn to swim programme. Existing facilities are already under significant strain from a capacity perspective and the age and declining quality of RFSC will exacerbate that situation by displacing demand to other, more attractive facilities in the area.

4.5.3 In order to deliver a swimming programme which meets the needs of the full range of users, a replacement facility will need to provide an increase in water space and it will need to be configured to allow for maximum flexibility in terms of programming between club, public and learn to swim sessions in particular.

4.5.4 With regard to health and fitness provision, SLC's latent demand assessment, the IBFS and the more detailed Needs Assessment all come to the same conclusion with regard to the existence of a theoretical oversupply of provision in the area, as is the case in most places in the UK. However, the IBFS and Needs Assessment also concur with SLC's view that this should not translate into the exclusion of health and fitness provision from new leisure provision, given its vital role in an overall leisure centre membership offer and its ability to generate income. Given the level of competing provision in the market, membership assumptions within the business plan will need to be set with this in mind but balanced by the strength of appeal of a new large scale leisure centre offer and the potential impact of the Covid-19 pandemic on competing supply.

4.5.5 Sports hall provision has only been included in the optimal facility mix in the form of a 4-court sport hall. The IBFS Needs Assessment and FPM report are clear that there is some pressure on existing supply, but that most unmet demand is locational rather than the result of a lack of overall capacity. Population growth will further exacerbate existing capacity issues, so additional provision does need to be considered, although the extension of opening hours at existing facilities would provide a more cost effective option if considered to be feasible. Given the likely lower return on investment potential of a sports hall and the limitations of the site in terms of footprint, its inclusion in only the optimal facility mix is justified.

5. Key Conclusions from Needs Analysis and Implications for Facility Mix Options

A summary of the Needs Analysis and how this informs the proposed facility mix options for a replacement facility

5.1 Needs Analysis Key Conclusions

5.1.1 The key conclusions arising from this needs analysis are as follows:

- The overall level of usage and income is relatively typical for a facility of the age and condition of RFSC and there is no evidence of a significant decline in financial performance over recent years. Usage and financial performance is, however, significantly below what would be expected from a comparable modern leisure facility in a number of key areas
- Engagement with Vivacity and Swim England has revealed significant challenges with the existing swimming facilities at RFSC and its ability to meet the needs of a range of users including swimming lessons, general lane swimming, clubs and schools.
- The age, condition and quality of facilities, together with strong local competition has led to a decrease in health and fitness memberships, a key income stream for any leisure facility
- A review of the detailed Needs Assessment report, including the supporting Sport England Facility Planning Model reports which underpins the Council's Indoor Built Facilities Strategy 2017-2037, has demonstrated that there is clear evidence of a lack of capacity within existing provision to adequately meet the demand for public swimming, swimming clubs and a learn to swim programme
- SLC has identified strong demand and market potential for a significantly increased swimming lessons programme
- In order to deliver a swimming programme which meets the needs of the full range of users, a replacement facility will need to provide an increase in water space and it will need to be configured to allow for maximum flexibility in terms of programming between club, public and learn to swim sessions in particular
- With regard to health and fitness provision, both SLC's latent demand assessment and the Indoor Built Facilities Strategy modelling conclude that there is a theoretical oversupply of provision in the area. Whilst this suggests that there may be no demand for additional health and fitness provision, the inclusion of a high quality, suitably sized gym facility with accompanying exercise studio provision would still be highly recommended for a new leisure facility development given the trends in participation growth and the potential impact of the COVID-19 pandemic both on competing supply and levels of demand. In addition, whilst the budget gym market is crowded, a mid-level health and fitness offer with the added benefit of swimming provision will be attractive and likely to capture a strong share of the existing market.
- There is demand for additional sports hall provision in Peterborough as demonstrated through the Sport England Facility Planning Model report and Indoor Built Facilities Strategy. However, the spatial requirements and subsequent capital costs of a sports hall may be prohibitive and it is therefore reasonable for this to be included only in the optimal facility mix.

5.2 Implications for Facility Mix Options

5.2.1 The needs analysis work undertaken by SLC provides further evidence in support of the strategic need to develop a new facility to replace RFSC. It also further informs the mix of facilities in terms of size and scale.

5.2.2 As part of the Stage 1 Options Appraisal, Essential and Optimal facility mix options were developed as shown in Figure 6 below.

Figure 7: Proposed Facility Mix – Essential and Optimal options

Existing Regional Swimming & Fitness Centre	New Build – Essential Mix	New Build – Optimal Mix
25m 6-lane main pool with 300 spectator seats	25m 8-lane main pool with 300 spectator seats	25m 8-lane main pool with moveable floor and 300 spectator seats
17m x 6m teaching pool	15m x 10m teaching pool	17m x 15m teaching pool with moveable floor
12.5m x 12.5m diving pool	Not included	Not included
None	Not included	350 sqm leisure water with flume, water features and toddler splash zone
Sauna and steam	Sauna and steam and relaxation area	Sauna and steam, relaxation area and treatment rooms
90 station gym	150 station gym	175 station gym
2 x exercise studios – 20 and 25 person capacity	2 x exercise studios (with moveable partition between) – both 40 person capacity	2 x exercise studios (with moveable partition between) both 40 person capacity 1 x smaller yoga/pilates studio - 20 person capacity
1 x spinning studio – 20 person capacity	1 x spinning studio – 20 person capacity	1 x spinning studio – 20 person capacity
		4-court sports hall
		Softplay
		Clip n Climb
	Café – 50 covers	Café – 75 covers

5.2.3 <u>The needs analysis work described in previous sections of this report supports the proposed facility mix options and has identified no evidence to suggest that these options should be altered.</u>

5.2.4 Layout drawings and site plans for both facility mix options were developed as part of the Stage 1 Options Appraisal which, given the findings above, are still applicable and can be used to inform the financial modelling of options. A cost for fittings, furniture and equipment, including gym equipment, has been added to the previous budget cost estimates by cost consultants Castons in order to further inform the financial modelling.

5.2.5 The layout drawings, site plans and budget cost estimates are provided within PWA's full report on the Stage 1 Options Appraisal in Appendix D. The total development costs excluding land purchase and including inflation based on a start on site in March 2022 are as follows:

- Essential Mix: £21.14M
- Optimal Mix: £31.26M

5.3 Hydrotherapy Pool

5.3.1 Peterborough City Council currently has a standalone community hydrotherapy pool which provides a facility for use by children and adults with a range of disabilities or long-term health conditions to benefit their health, assist rehabilitation from surgery or injury and as a leisure facility for those with learning and physical disabilities.

5.3.2 St George's Community Hydrotherapy Pool was built in 1976 and due to its age and condition is unlikely to be able to continue to operate for many more years. The facility is much valued by its users and the Council has requested SLC to explore, at a high level, what the implications may be for its inclusion part the facility mix options for the replacement of RFSC.

5.3.3 The hydrotherapy pool did not feature in the original facility mix brief and was not considered for inclusion in the design and costings work undertaken as part of the Stage 1 Options Appraisal. Upon request of the Council, the inclusion of a 10m x 5m pool (1.2m depth), ideally with adjoining specialist changing accommodation, has therefore been considered retrospectively and at a high level by SLC and PWA.

5.3.4 There are a number of potential options which the Council could explore for its inclusion in the facility designs although all have potential compromises associated with them:

a. **Reduced leisure water area and introduce hydrotherapy pool close to the changing village.** This is also likely to require a small reduction in the size of the learner pool or its relocation with some loss of car spaces. This option could also have significant operational issues, given its location within the pool hall between the learner and leisure pools. The nature of the activities and types of users of the hydrotherapy pool is such that being located within a busy and noisy area of the pool hall is likely to be problematic.
b. **Reduce car parking and insert narrower hydrotherapy pool adjacent to learner pool.** This solution would leave the pool remote from the changing village and would suffer from similar noise issues to those in (a.) albeit this could be mitigated through glazed screening. Placing the pool in this location would also leave it highly visible from an external aspect which may be problematic for some users.
c. **Create a hydrotherapy pool and separate changing facilities at level 0.** This would reduce car parking spaces by c. 15 and would be divorced from the main pool activity.
d. **Add separate hydrotherapy pool and changing facilities at level 3.** This would be costly and divorced from the main pool activity. Deck level access to the pool would be difficult to achieve so the pool would likely need to be raised.

5.3.5 None of these options provides an ideal solution with all requiring some degree of operational and / or design compromises and impacting on the revenue generating potential of other facility areas and activities.

5.3.6 The additional build cost for including a hydrotherapy pool within the main pool hall has been estimated at c. £400k. This estimate only includes the pool tank and associated plant and excludes the requirement for additional glazing around the hydrotherapy pool to isolate it from the rest of the pool hall. This would be necessary due to the requirement for warmer air temperature for the area around the warmer hydrotherapy pool compared with the rest of the water space provision. This isolated area would therefore likely require a dedicated air handling system to meet these requirements.

5.3.7 The alternative of a separate pool hall construction on level 0 or level 3 would be more costly to construct and would require more detailed design work in order to inform a proper budget cost estimate.

5.3.8 The increased build cost associated with a hydrotherapy pool also has additional capital cost implications in terms of the knock on impact on contingency and professional fees, developer profit costs, inflation etc. Based on a build cost of £400K, these additional costs add a further c. £220K to the capital cost requirement.

5.3.9 From a revenue perspective, the existing facility operates at annual deficit of c. £16K (based on 2019/20 figures provided by the Council) excluding utilities and repair and maintenance costs (c. £25K per annum) which are covered by the Council. There is no reason to expect demand or usage levels to change significantly, given the lack of comparable provision in the area currently, so it is likely that income from the pool (currently c. £65K per annum) would not increase significantly at a new facility.

5.3.10 Some cost reductions would be achievable through improved energy efficiency and reduced repair and maintenance costs for a newer facility, but the pool would still require a significant operational subsidy.

5.3.11 Under options (a.) and (c.) in particular, the inclusion of the hydrotherapy pool would also have additional negative revenue implications for other areas of the facility either by reducing car parking spaces, reducing the size and revenue generating potential of the teaching and/or leisure pools or both.

5.3.12 Overall, whilst the inclusion of a hydrotherapy pool as part of the replacement for RFSC is possible, it would need to be explored in more detail in terms of its design and operation and have significant implications in terms of capital and revenue costs. From a capital cost perspective, it is likely to add a minimum of £620K to the total once on costs are taken into account. The better option operationally i.e. separate dedicated pool and changing provision on level 0 would cost significantly more.

5.3.13 From a revenue perspective, there are likely to be some limited savings relative to current subsidy requirements for the existing hydrotherapy pool, but it would add to the overall net subsidy position.

5.3.14 The capital and revenue cost implications have not been explored in sufficient detail at this stage to determine the extent of the additional cost requirements. If the Council wishes to explore the inclusion of a hydrotherapy pool further, more detailed design work should be undertaken to determine the capital costs for each option, the impact upon other facility areas and the additional income and expenditure associated with the hydrotherapy pool itself.

5.3.15 Given the need for more detailed work to be undertaken on the provision of a hydrotherapy pool both in terms of operation, design and costing, it does not form part of SLC's financial modelling described in the next section of this report.

6. Financial Modelling of Options

This section sets out the financial modelling of both facility mix options including the capital financing payments to understand the return on investment and to inform the overall business case for a replacement facility

6.1 Introduction

6.1.1 SLC has developed a financial model for a replacement facility based on the development of the Essential and Optimal facility mixes, forecast over a 15-year period. This is then compared with the Council's alternative options, namely the retention and eventual closure of the existing RFSC, and retention and eventual replacement of RFSC in 10 years' time.

6.1.2 The options considered through the financial modelling are summarised as follows:

- **No Replacement –** RFSC continues to operate with the required investment for the remainder of its viable life (c. 10 years), at which point it is closed and not replaced
- **2031 Replacement –** RFSC continues to operate with the required investment for the remainder of its viable life (c. 10 years), at which point it is replaced by new facility with the Essential facility mix at an indeterminate site
- **Essential –** RFSC continues to operate with minimal investment until the opening in 2024 of a new facility with the Essential facility mix at the Pleasure Fair Meadows site
- **Desirable –** RFSC continues to operate with minimal investment until the opening in 2024 of a new facility with the Optimal facility mix at the Pleasure Fair Meadows site.

6.1.3 This approach has been taken to demonstrate the relative costs of each option over the next 15-years. The Essential and Optimal facility mix models have also been extrapolated out over a 40-year capital repayment period to assess the capacity of the proposed facilities to cover the development costs over their expected lifespan.

6.1.4 The model considers operational income and expenditure, management and other costs (e.g. business rates), lifecycle costs and capital repayments. In order to provide a consistent basis for comparison, the 15-year modelling is based on the period 2021/22 to 2035/36 for all options. Given that the timescales for the development of both the Essential and Desirable options show a 2024 opening, all options are based on the continued operation of RFSC until that point. An overview of the timescales for each option is shown in Figure 8.

Figure 8: 15-year Timescales for Replacement Options

	No Replacement	2031 Replacement	Essential	Optimal
Year 1 - 2021/22	RFSC operating with condition survey investment and deteriorating revenue performance. Operating under LATC management model.	RFSC operating with condition survey investment and deteriorating revenue performance. Operating under LATC management model.	RFSC operating with deteriorating revenue performance. No investment. LATC.	RFSC operating with deteriorating revenue performance. No investment. LATC.
Year 2 - 2022/23				
Year 3 - 2023/24				
Year 4 - 2024/25			Replacement facility with Essential facility mix operating under external operator.	Replacement facility with Optimal facility mix operating under external operator.
Year 5 - 2025/26				
Year 6 - 2026/27				
Year 7 - 2027/28				
Year 8 - 2028/29				
Year 9 - 2029/30				
Year 10 - 2030/31				
Year 11 - 2031/32	RFSC closed. No replacement facility.	Replacement facility with Essential facility mix operating under external operator.		
Year 12 - 2032/33				
Year 13 - 2033/34				
Year 14 - 2034/35				
Year 15 - 2035/36				

Management Model Considerations

6.1.5 The management model under which a facility is operated has an influence on operational revenue performance, management costs and business rate costs which will affect the overall surplus / subsidy position.

6.1.6 The Council's leisure trust operator, Vivacity, has been forced to cease trading as a direct result of Covid-19 and the Council has yet to decide on the future long-term management model. SLC understands that as a transitional arrangement, the Council will be transferring the services to an existing Peterborough Local Authority Trading Company, Aragon Direct Services. Whilst SLC would strongly recommend that the Council undertakes a rigorous investigation into and appraisal of available management options for its leisure services over the longer term, a Local Authority Trading Company (LATC) model has been assumed as the baseline management position for the existing RFSC (whilst it remains in operation) in each option.

6.1.7 Management costs associated with the LATC have been based on high level assumptions at this stage. The Council has not been able to provide a definitive position on the likely support costs for the service when delivered through the LATC, necessitating the use of indicative benchmarks based on SLC's experience.

6.1.8 For those options where RFSC is eventually replaced by a new facility, it has been assumed in the baseline position that an external procured leisure operator will manage the facility. It is broadly accepted that this is the most cost-effective management model which will therefore have the highest probability of being able to meet capital repayment costs through operational surpluses. As requested by PIP and PCC, the same options have also been modelled with an LATC management model in place for comparison.

Detailed Financial Modelling and Assumptions

6.1.9 The financial modelling undertaken and the assumptions informing it are set out at a high level in this report. The full model with corresponding assumptions has been provided as Appendix A to this report. Detailed income and expenditure assumptions for the Essential and Optimal replacement facilities are included in Appendix B.

6.2 No Replacement for RFSC

6.2.1 This option sets out the financial implications for the Council of retaining and continuing to operate the existing RFSC for the remainder of its viable life (estimated to be c. 10 years) under an LATC management model. At the end of the facility's lifespan, it would be closed and not replaced.

6.2.2 In order to keep the facility operational for 10 years, investment in the existing facility would be required. A condition survey undertaken in 2020 has identified c. £6M of required investment over the 10-year period.

Key Assumptions

6.2.3 The following key assumptions have been used in developing revenue forecasts including management and other premises costs, for this option:

- Revised RFSC baseline accounts have been developed from the 2019/20 Vivacity accounts and 2019 utility costs with assumptions applied to reflect the change in management to an LATC model
    - A 5% decrease in income and 5% increase in specific areas of operational expenditure has been applied to reflect reduced central expertise, operational experience and economies of scale
    - Support costs have been estimated at 15% of income
    - NNDR costs have been included at 51% of current business rates (based on the proportion of rates income which are not retained by the Council). This equates to £46,876 based on current rates.
- Income is based on the revised RFSC baseline accounts. An annual rate of income deterioration of 5% has been applied to reflect the decline of the facility relative to customer expectations as the facility ages
- Expenditure is based on the revised RFSC baseline accounts and utility costs. An annual rate of expenditure increases of 2.5% has been applied specific areas of expenditure to reflect the escalating costs associated with an ageing facility, primarily relating to premises costs and reactive repairs and maintenance
- An annual inflation rate of 2% has been applied to income and expenditure.

Revenue Forecasts

6.2.4 Table 2 shows the annual average operational income and expenditure over the remaining 10-year life of the current facility compared with the estimated baseline 2020/21 figures, developed from current financial performance, inflationary adjustments and LATC management assumptions.

6.2.5 Over the 10-year period, income deteriorates and specific areas of facility expenditure increase based on assumptions links to the ageing and continued deterioration of the facility relative to customer expectations.

6.2.6 Over the 10-year period, the average operational <u>subsidy</u> is forecast at £362,500, compared with a baseline operational <u>surplus</u> (before management and lifecycle condition survey costs) of £73,524.

Table 2: Revenue Forecast for No Replacement – 10-year annual average

No Replacement - LATC management	RFSC Baseline - 2020/21	10-year Annual Average
Income		
H&F	£655,262	£542,464
Swim Academy	£347,861	£287,979
School Swimming	£69,716	£57,715
Pool Admissions	£204,583	£169,366
Room Hire	£34,890	£28,884
Vending / Retail	£40,475	£33,507
Health Suite	£12,538	£10,379
Parking	£41,716	£34,535
Other	£38,357	£31,754
Total Income	**£1,445,398**	**£1,196,584**
Expenditure		
Staffing*	£934,293	£1,023,025
R&M	£55,449	£70,003
FF&E / IT / Equipment*	£14,383	£15,749
Cleaning/ Other Premises	£69,621	£87,894
Office / Admin*	£9,254	£10,133
Insurance / Licenses*	£17,999	£19,708
Irrecoverable VAT*	£23,410	£25,633
Depreciation	£35,086	£44,295
Cost of Sales*	£34,516	£37,794
Utilities	£177,864	£224,549
Total Expenditure	**£1,371,875**	**£1,558,784**
*Facility age related cost increases not applied		
Operational Surplus / (Subsidy)	**£73,524**	**-£362,200**

Capital / Lifecycle Costs

6.2.7 A condition survey undertaken in 2020 identified the capital investment works required at RFSC over the remaining 10-year period, bearing in mind that by the end of the 10 years, it will likely have reached the end of its useful life. A total of c. £6M of investment was identified, which the PIP and Council have advised should be considered, for the purposes of this model, as an upfront investment cost to be repaid as borrowing costs.

6.2.8 The Council has provided estimated capital repayment costs based on Prudential Works Loan Board (PWLB) rates (minus 0.2%) for £6M of capital over a 10-year repayment period. This generates an estimated annual repayment cost of c. £661K. The annual repayments have been factored into the net surplus / subsidy calculations for this option.

Summary

6.2.9 Table 3 shows the 15-year (same as 10-year) total cost of the No Replacement option and the average annual cost over 10 years, based on the number of operational years, and 15 years to facilitate comparison with other options. An annual breakdown with income and expenditure detail is shown in Appendix C.

6.2.10 Taking into account the repayment of capital costs, the total cost of continuing to operate the existing facility over the remainder of its usable life is c. £13.2M.

Table 3: Financial Implications of No Replacement Option

No Replacement - LATC management	15-Year Total	10-Year Annual Average	15-Year Annual Average
Income	£11,965,838	£1,196,584	£797,723
Expenditure	£15,587,838	£1,558,784	£1,039,189
Operational Surplus / (Subsidy)	**(£3,622,000)**	**(£362,200)**	**(£241,467)**
NNDR	£513,282	£51,328	£34,219
Support Services	£2,374,006	£237,401	£158,267
Operator Profit	£	£	£
Total Surplus / (Subsidy)	**(£6,509,288)**	**(£650,929)**	**(£433,953)**
Lifecycle / Condition Survey Costs	£6,676,097	£667,610	£445,073
Net Surplus / (Subsidy) incl. capital	**(£13,185,385)**	**(£1,318,538)**	**(£879,026)**

6.3 2031 Replacement for RFSC

6.3.1 This option sets out the financial implications for the Council of retaining and continuing to operate the existing RFSC for the remainder of its viable life under an LATC model (as above) and replacing it in 2031/32 with a facility based on the Essential facility mix on a site yet to be identified. Under the baseline option it is assumed that the new facility would be operated by an external leisure operator rather than by the LATC.

6.3.2 Unlike the no replacement model, this option assumes that there would be a need and desire to replace the existing facility at the end of its viable lifespan rather than accept a net loss of provision in the City.

6.3.3 Continuing to operate the existing facility for this period of time would require undertaking of the condition survey works identified – an investment of £6M to be funded through prudential borrowing.

6.3.4 This option effectively delays some of the higher costs associated with a larger capital investment to a later date, but as a result additional costs are incurred in the form of investment in the existing facility and through escalating revenue costs associated with its operation over the first 10-years.

Key Assumptions

6.3.5 The following key assumptions have been used in developing revenue forecasts including management and other premises costs for this option:

- Revenue costs including income and expenditure, support costs and other costs (e.g. NNDR) for the first 10-years are the same under this option as in the “no replacement” option, and are based on the same assumptions
- Revenue costs including income and expenditure, support costs, operator profit and other costs are the same for Years 11 – 15 of this option as in Years 4 – 8 of the Essential option, adjusted for inflation
    - Income from the new facility is based on specific areas of income generation in each facility area e.g. health and fitness, swimming etc. through identified revenue streams. These have been developed based on a detailed set of locally informed and experience-based assumptions for each income stream as set out in detail in Appendix B. Income is phased in the first two years of the new facility’s operation at 70% of steady state in the first year, and 85% in the second year

- Expenditure for the new facility is based on a breakdown of required core and casual staff, developed linked to income streams and in consultation with the Council's leisure officer, and benchmarked premises, supplies and services expenditure as set out in Appendix B
- It is assumed that the external operator would be eligible for business rate relief through charitable status, as is the case for the majority of external leisure operators (but often not the case for LATCs)
- Below the line costs – operator profit and central support costs – are benchmarked at 6% of income each in accordance with typical operator market levels
- An annual inflation rate of 2% has been applied to income and expenditure.

Revenue Forecasts

6.3.6 Table 4 shows the annual average operational income and expenditure of the full 15-year period alongside the estimated 2020/21 baseline figures. As with the no replacement option, there is a deterioration of income over the first 10 years, whilst the existing facility is still being operated. Income levels then increase significantly when RFSC is replaced by the new facility under an external operator, although expenditure levels are also higher at the new facility.

6.3.7 A more detailed breakdown of income and expenditure across each year is shown in Appendix C.

6.3.8 Over the 15-year period, an average operational subsidy of c. £10,519 is generated by this option. During the first 10 years, whilst the existing facility continues to be in operation, the average annual subsidy is £362,200. In the final 5 years, the new facility generates an average operational surplus of £755,957.

Table 4: Revenue Forecast for 2031 Replacement - 15-year annual average

	RFSC Baseline - 2020/21	15-Year Annual Average
Income		
H&F	£655,262	£1,012,358
Swim Academy	£347,861	£430,433
School Swimming	£69,716	£98,557
Pool Admissions	£204,583	£208,348
Room Hire	£34,890	£19,256
Vending / Retail	£40,475	£105,549
Health Suite	£12,538	£21,036
Parking	£41,716	£23,023
Other	£38,357	£21,170
Total Income	**£1,445,398**	**£1,939,731**
Expenditure		
Staffing*	£934,293	£1,221,245
R&M	£55,449	£95,262
FF&E / IT / Equipment*	£14,383	£16,756
Cleaning/ Other Premises	£69,621	£71,108
Office / Admin*	£9,254	£31,779
Insurance / Licenses*	£17,999	£50,675
Irrecoverable VAT*	£23,410	£110,929
Depreciation	£35,086	£52,516
Cost of Sales*	£34,516	£66,801
Utilities	£177,864	£212,143
Total Expenditure	**£1,371,875**	**£1,929,212**
*Facility age related cost increases not applied		
Operational Surplus / (Subsidy)	**£73,524**	**£10,519**

Capital / Lifecycle Costs

6.3.9 As with the no replacement option, capital investment is required to carry out the £6M of improvement works identified through the 2020 condition survey. Capital cost repayment for this borrowing has been assumed on the same terms as the no replacement option.

6.3.10 In addition, capital investment is required to fund the development of the new facility. Annual repayment costs have been calculated based on an estimated capital cost consisting of:

- Estimated development cost for the facility of £22.98M adjusted for inflation (7 years) and including developer finance costs (estimated at 5% of construction cost per annum over a 2 year build)
- Developer profit at 12% of development cost
- estimated land value of c. £1.5M (site not identified).

6.3.11 The Council has provided a capital repayment cost calculation based on PWLB rate (minus 0.2%) over a 40-year repayment period starting from 2029. This generates an estimated annual repayment cost of c. £1.21M.

6.3.12 Lifecycle costs for the new facility have also been estimated as part of the financial modelling to fund ongoing lifecycle replacements required to keep the facility operating optimally over the long term. This has been estimated at 0.5% of development costs per annum which equates to £57,450 (not adjusted for inflation).

Alternative Management Model

6.3.13 This option has assumed that the existing facility would continue to be run throughout its operational life by an LATC, but that the new facility would be operated by an external operator. A variant on this option has also been developed showing the additional costs of operating the new facility under the LATC management model as well.

6.3.14 The following assumptions are applied to the new facility's financial performance to account for management by an LATC under this variant:

- **Lower levels of income generation - 10% reduction** – less expertise, less marketing and sales experience and resources, less experience of delivering a similar range of services and initiatives, less capacity for innovation
- **Higher procurement costs - 10% increase** – reduced buying power and economies of scale compared with larger multi-contract leisure operators
- **Higher support service costs – 15% of steady state turnover** – proportionally higher support service costs (payroll, HR, finance, property, health & safety, I.T etc.) as these cannot be shared across multiple contracts
- **Higher NNDR costs - £54,775 per annum –** business rates estimated based on rateable value of RFSC and 2021 multiplier, proportional increase in new facility's GIFA compared with RFSC and the proportion of business rates not retained by PCC (51%).
- **No operator profit**.

6.3.15 Based on these assumptions, the average annual operational subsidy over the 15-year period under an LATC would be £127,879, compared with an operational surplus of £10,519.

Summary

6.3.16 Table 5 shows the 15-year total and annual average costs of the 2031 replacement option both with an external operator running the new facility, and an LATC throughout. An annual breakdown with detailed income and expenditure by year is shown in Appendix C.

6.3.17 Taking into account the capital repayments over the period of both the condition survey investment costs and new facility build costs, and lifecycle costs for the new facility, the total cost of this option over the 15-year period is £19.45M with an external operator for the new facility or £22.13M with an LATC operator.

Table 5: Financial implications of 2031 Replacement Options

2031 Replacement	15-Year Total	15-Year Annual Average	15-Year Total	15-Year Annual Average
Operating Model Years 11 - 15	*External Operator*		*LATC*	
Income	£29,095,971	£1,939,731	£27,386,663	£1,825,778
Expenditure	£28,938,187	£1,929,212	£29,304,852	£1,953,657
Operational Surplus / (Subsidy)	**£157,784**	**£10,519**	**(£1,918,189)**	**(£127,879)**
NNDR	£513,282	£34,219	£860,756	£57,384
Support Services	£3,402,061	£226,804	£4,687,130	£312,475
Operator Profit	£1,028,055	£68,537	£	£
Total Surplus / (Subsidy)	**(£4,785,614)**	**(£319,041)**	**(£7,466,074)**	**(£497,738)**
Lifecycle / Condition Survey Costs	£7,040,543	£469,370	£7,040,543	£469,370
Build Cost Capital Repayments	£7,623,319	£508,221	£7,623,319	£508,221
Net Surplus / (Subsidy) incl. capital	**(£19,449,475)**	**(£1,296,632)**	**(£22,129,935)**	**(£1,475,329)**

6.4 Essential Option

6.4.1 This option sets out the financial implications for the Council of replacing the existing facility with a new leisure centre development based on the Essential facility mix at the Pleasure Fair Meadows site as soon as practicable. Based on estimated development timeframes, this new facility would open in 2024 and the existing facility would continue to operate until that time.

6.4.2 Under the baseline option, it is assumed that the existing RFSC would operate under an LATC model (as above) and the new facility, once operational, would be managed by an external leisure operator.

6.4.3 Compared with the 2031 replacement, this option explores whether the more immediate development of a new facility which can generate more significant operational surpluses and better meet the needs of the community can provide a better value option.

6.4.4 The more immediate prospect of replacement removes the need for significant investment in the existing facility and mitigates against the gradual decline in revenue performance of the ageing facility as it approaches the end of its useable life.

6.4.5 In essence, it examines if, assuming the facility is to be replaced, best value would be achieved by making that investment immediately rather than in 10 years' time.

Key Assumptions

6.4.6 The following key assumptions have been used in developing revenue forecasts including management and other premises costs for this option:

- Revenue costs including income and expenditure, support costs and other costs (e.g. NNDR) for the first 3 years, whilst the existing facility continues to operate, are the same under this option as in the "no replacement" option, and are based on the same assumptions
- Revenue costs including income and expenditure, support costs, operator profit and other costs for Years 4 – 15 are based on detailed income, expenditure and management costs assumptions for the Essential facility mix development as operated by an external operator;
    - Income from the new facility is based on specific areas of income generation in each facility area, e.g. health & fitness, studios, swimming pools etc. through identified activities and revenue stream. These have been developed through a set of detailed experience-based assumptions, informed by local factors (e.g. pricing etc.). These assumptions are set out in detail by facility area and activity in Appendix B. Income is phased in the first two years of the new facility's operation at 70% of steady state in the first year and 85% in the second
    - Expenditure for the new facility is based on a breakdown of required core and casual staff, linked to income streams and developed in consultation with the Council's leisure officers, as well as benchmarked premises, supplies and services, repair and maintenance and cost of sales expenditure as set out in Appendix B
    - It is assumed that the external operator would be eligible for business rate relief through charitable status, as is the case for the majority of external leisure operators
    - Below the line costs – operator profit and central support costs – are benchmarked at 6% of income each in accordance with typical operator market levels
- An annual inflation rate of 2% has been applied to income and expenditure.

Revenue Forecasts

6.4.7 Table 6 shows the annual average operational income and expenditure over the 15-year period alongside the baseline figures for the new facility, as developed through the detailed business plan modelling set out in Appendix B. Years 1-3 reflect the continued operation of the existing facility with declining financial performance, as in the no replacement and 2031 replacement options. The new facility, operating under external operator management, introduces a significant improvement in operational revenue performance, albeit there is some phasing of income in Years 4 and 5 of the 15-year period.

6.4.8 A more detailed breakdown of income and expenditure in each year is shown in Appendix C.

6.4.9 Over the 15-year period, the average operational surplus generated by this option is £692,855. During the first 3 years, whilst the existing facility continues to be in operation the average annual subsidy is £86,142. In the remaining 12 years, the new facility generates an average operational surplus of £887,605.

Table 6: Revenue Forecast for Essential Option - 15-year annual average

	New Facility Baseline	15-Year Annual Average
Income		
H&F	£1,519,477	£1,513,766
Studios	£165,880	£158,508
Swimming	£1,020,373	£1,050,081
Sports Hall	£0	£0
Health Suite	£37,274	£36,482
Café & Vending	£215,517	£205,045
Soft Play	£0	£0
Clip n Climb	£0	£0
Other	£0	£14,747
Income Total	£2,958,521	£2,978,630
Expenditure		
Staffing	£1,275,034	£1,400,459
Repair and Maintenance	£114,900	£120,917
Water & Utilities	£147,651	£178,248
Equipment	£14,793	£16,971
Cost of Sales	£107,759	£105,837
Cleaning	£29,585	£43,004
Marketing	£59,170	£56,145
Insurance	£29,585	£31,745
IT / Admin / Legals / Licenses	£59,170	£58,033
Irrecoverable VAT	£221,889	£215,320
Capital Equipment replacement fund	£54,350	£59,096
Expenditure Total	£2,113,887	£2,285,774
Operational Surplus / (Subsidy)	£844,635	£692,855

Capital / Lifecycle Costs

6.4.10 As, under this option, the existing facility is replaced within 3 years, only essential works required to keep the facility safe and operational over that period would be undertaken. The Council has identified that none of the £6M of investments required by the 2020 condition survey should be required during this period if the facility were to be replaced, so these costs are not incurred under this option.

6.4.11 Capital investment would, however, be required to fund the development of the new facility. Annual repayment costs have been calculated based on an estimated capital cost consisting of:

- Estimated development cost for the facility of £22.98M including developer finance costs
- Developer profit at 12% of development cost
- Estimated land value of c. £1.25M (for Pleasure Fair Meadows).

6.4.12 The Council has provided a capital repayment cost calculation based on PWLB rate (minus 0.2%) over a 40-year repayment period starting from 2022. This generates an estimated annual repayment cost of c. £1.05M.

6.4.13 Lifecycle costs for the new facility have also been estimated as part of the financial modelling to fund ongoing lifecycle replacements required to keep the facility operating optimally over the long term. This has been estimated at 0.5% of development costs per annum which equates to £57,450 (not adjusted for inflation).

Alternative Management Model

6.4.14 This option has assumed that the existing facility would continue to be run during the first three years of the period by an LATC, and that the new facility would be operated by an external operator (Years 4 – 15). A variant on this option has been developed showing the additional costs of operating the new facility under LATC management.

6.4.15 The following assumptions are applied to the new facility's financial performance to account for management by an LATC under this variant:

- **Lower levels of income generation - 10% reduction** – less expertise, less marketing and sales experience and resources, less experience of delivering a similar range of services and initiatives, less capacity for innovation
- **Higher procurement costs - 10% increase** – reduced buying power and economies of scale compared with larger multi-contract leisure operators
- **Higher support service costs – 15% of steady state turnover** – proportionally higher support service costs (payroll, HR, finance, property, health & safety, I.T etc.) as these cannot be shared across multiple contracts
- **Higher NNDR costs - £54,775 per annum–** business rates estimated based on rateable value of RFSC and 2021 multiplier, proportional increase in new facility's GIFA compared with RFSC and the proportion of business rates not retained by PCC (51%).

6.4.16 Based on these assumptions, the average annual operational surplus over the 15-year period under an LATC is reduced to £366,223, compared with £692,855.

Summary

6.4.17 Table 7 shows the 15-year total and annual average costs of the Essential facility mix replacement option both with an external operator running the new facility, and an LATC throughput. An annual breakdown with detailed income and expenditure by year is shown in Appendix C.

6.4.18 Taking into account the capital repayments over the period of both the condition survey investment costs and new facility build costs, and lifecycle costs for the new facility, the total cost of this option over the 15-year period of £10.1M with an external operator for the new facility or £16.4M under the LATC model.

Table 7: Financial implications of Essential Options

Essential	15-Year Total	15-Year Annual Average	15-Year Total	15-Year Annual Average
Operating Model Years 4 - 15	*External Operator*		*LATC*	
Income	£44,679,443	£2,978,630	£40,610,799	£2,707,387
Expenditure	£34,286,612	£2,285,774	£35,117,449	£2,341,163
Operational Surplus / (Subsidy)	**£10,392,831**	**£692,855**	**£5,493,351**	**£366,223**
NNDR	£143,460	£9,564	£923,069	£61,538
Support Services	£3,104,711	£206,981	£6,156,194	£410,413
Operator Profit	£2,441,186	£162,746	£	£
Total Surplus / (Subsidy)	**£4,703,474**	**£313,565**	**(£1,585,912)**	**(£105,727)**
Lifecycle / Condition Survey Costs	£817,687	£54,512	£817,687	£54,512
Build Cost Capital Repayments	£13,967,206	£931,147	£13,967,206	£931,147
Net Surplus / (Subsidy) incl. capital	**(£10,081,420)**	**(£672,095)**	**(£16,370,805)**	**(£1,091,387)**

6.4.19 A sensitivity assessment has also been applied to this option to demonstrate the potential impact of an under or over performance in income or increase in assumed costs on the overall funding gap over the period. As shown in Table 8, this demonstrates that a 10% overperformance on income would result in a reduced average annual subsidy of c. £374K compared with £672K under the baseline model. In contrast, under performance on income of 10% would increase the annual subsidy to £970K and a 10% increase in costs would increase it to £901K.

Table 8: Essential Option Sensitivity Analysis

Essential 15-year average - Sensitivity Scenarios		Scenario 1	Scenario 2	Scenario 3
External Facility Operator baseline	Annual Average	Above average (10%) income & base costs	Below average (-10%) income & base costs	Base income and increased costs (10%)
Income		10%	-10%	0%
Income Total	£2,978,630	£3,276,493	£2,680,767	£2,978,630
Expenditure		0%	0%	10%
Expenditure Total	£2,285,774	£2,285,774	£2,285,774	£2,514,352
Operational Surplus / (Subsidy)	£692,855	£990,718	£394,992	£464,278
Other Costs		0%	0%	0%
NNDR	£9,564	£9,564	£9,564	£9,564
Support Services	£206,981	£206,981	£206,981	£206,981
Operator Profit	£162,746	£162,746	£162,746	£162,746
Total Other Costs	£379,290	£379,290	£379,290	£379,290
Total Surplus / (Subsidy)	£313,565	£611,428	£15,702	£84,987
Capital / Lifecycle Costs		0%	0%	0%
Lifecycle / Condition Survey Costs	£54,512	£54,512	£54,512	£54,512
Build Cost Capital Repayments	£931,147	£931,147	£931,147	£931,147
Total Capital / Lifecycle Costs	£985,660	£985,660	£985,660	£985,660
Surplus / (Subsidy) incl capital & lifecycle	-£672,095	-£374,232	-£969,958	-£900,672

6.4.20 An extrapolation of the baseline 15-year figures over a longer period, covering 40 years from the opening of the new facility based on 2% annual inflationary adjustments has also been developed. This provides an indication of the total funding gap over the period. Based on this extrapolation the total subsidy required for the Essential option (assuming an external operator model) would be £17,767,335.

6.5 Optimal Option

6.5.1 This option sets out the financial implications for the Council of replacing the existing facility with a new leisure centre development based on the Optimal facility mix at the Pleasure Fair Meadows site as soon as practicable. Based on estimated development timeframes, this new facility would open in 2024 and the existing facility would continue to operate until that time.

6.5.2 Under the baseline option, it is assumed that the existing RFSC would operate under an LATC model (as in the no replacement and 2031 replacement options) and the new facility, once operational, would be managed by an external leisure operator.

6.5.3 As with the Essential option, this option explores whether a more immediate replacement of RFSC provides a better value alternative to replacing it at the end of its viable life but does so based on the larger and more extensive facility offer.

Key Assumptions

6.5.4 The following key assumptions have been used in developing revenue forecasts including management and other premises costs for this option:

- Revenue costs including income and expenditure, support costs and other costs (e.g. NNDR) for the first 3 years, whilst the existing facility continues to operate, are the same under this option as in the “no replacement” option, and are based on the same assumptions
- Revenue costs including income and expenditure, support costs, operator profit and other costs for Years 4 – 15 are based on detailed income, expenditure and management costs assumptions for the Optimal facility mix development as operated by an external operator;
    - Income from the new facility is based on specific areas of income generation in each facility area, e.g. health & fitness, studios, swimming pools etc. through identified activities and revenue stream. These have been developed through a set of detailed experience-based assumptions, informed by local factors (e.g. pricing etc.). These assumptions are set out in detail by facility area and activity in Appendix B. Income is phased in the first two years of the new facility’s operation at 70% of steady state in the first year and 85% in the second year
    - Expenditure for the new facility is based on a breakdown of required core and casual staff, linked to income streams and developed in consultation with the Council’s leisure officers, as well as benchmarked premises, supplies and services, repair and maintenance and cost of sales expenditure as set out in Appendix B
    - It is assumed that the external operator would be eligible for business rate relief through charitable status, as is the case for the majority of external leisure operators
    - Below the line costs – operator profit and central support costs – are benchmarked at 6% of income each in accordance with typical market levels
- An annual inflation rate of 2% has been applied to income and expenditure.

Revenue Forecasts

6.5.5 Table 9 shows the annual average operational income and expenditure over the 15-year period alongside the baseline figures for the new facility, as developed through the detailed business plan modelling set out in Appendix B. Years 1 – 3 reflect the continued operation of the existing facility with declining financial performance, as in the no replacement and 2031 replacement options. The new facility, operating under external operator management, introduces a significant improvement in operational revenue performance, albeit there is some phasing of income in Years 4 and 5 of the 15-year period.

6.5.6 A more detailed breakdown of income and expenditure in each year is shown in Appendix C.

6.5.7 Over the 15-year period, the average operational surplus generated by this option is £1,219,672. During the first 3 years, whilst the existing facility continues to be in operation the average annual subsidy is £86,142. In the remaining 12 years, the new facility generates an average operational surplus of £1,546,125.

Table 9: Revenue Forecast for Optimal Option - 15-year annual average

	New Facility Baseline	15-Year Annual Average
Income		
H&F	£1,772,723	**£1,745,947**
Studios	£208,560	**£197,638**
Swimming	£1,580,897	**£1,563,981**
Sports Hall	£75,060	**£68,817**
Health Suite	£83,151	**£78,543**
Café & Vending	£348,357	**£326,835**
Soft Play	£135,780	**£124,486**
Clip n Climb	£173,488	**£159,057**
Other	£0	**£14,747**
Income Total	**£4,378,017**	**£4,280,050**
Expenditure		
Staffing	£1,690,512	**£1,794,693**
Repair and Maintenance	£170,100	**£173,295**
Water & Utilities	£223,980	**£250,674**
Equipment	£21,890	**£23,705**
Cost of Sales	£174,178	**£166,732**
Cleaning	£43,780	**£56,473**
Marketing	£87,560	**£83,083**
Insurance	£43,780	**£45,214**
IT / Admin / Legals / Licenses	£87,560	**£84,971**
Irrecoverable VAT	£328,351	**£316,338**
Capital Equipment replacement fund	£60,783	**£65,200**
Expenditure Total	**£2,932,476**	**£3,060,379**
Operational Surplus / (Subsidy)	**£1,445,541**	**£1,219,672**

Capital / Lifecycle Costs

6.5.8 As with the Essential option, only vital works required to keep the existing facility safe and operational over the first 3 years would be required. The Council has identified that none of the condition survey investments should be need if the facility is to be replaced so these costs are not incurred under this option.

6.5.9 Capital investment would be required to fund the development of the new facility. Annual repayment costs have been calculated based on an estimated capital cost consisting of:

- Estimated development costs for the facility of £34.02M including developer finance costs
- Developer profit at 12% of development cost
- Estimated land value of c. £1.25M (for Pleasure Fair Meadows).

6.5.10 The Council has provided a capital repayment cost calculation based on PWLB rate (minus 0.2%) over a 40-year repayment period starting from 2022. This generates an estimated annual repayment cost of c. £1.53M.

6.5.11 Lifecycle costs for the new facility have also been estimated as part of the financial modelling to fund ongoing lifecycle replacements required to keep the facility operating optimally over the long term. This has been estimated at 0.5% of development costs per annum which equates to £85,050 (not adjusted for inflation).

Alternative Management Model

6.5.12 This option has assumed that the existing facility would continue to be run during the first three years of the period by an LATC, and that the new facility would be operated by an external operator (Years 4 – 15). A variant on this option has been developed showing the additional costs of operating the new facility under LATC management.

6.5.13 The following assumptions are applied to the new facility's financial performance to account for management by an LATC under this variant:

- **Lower levels of income generation - 10% reduction** – less expertise, less marketing and sales experience and resources, less experience of delivering a similar range of services and initiatives, less capacity for innovation
- **Higher procurement costs - 10% increase** – reduced buying power and economies of scale compared with larger multi-contract leisure operators
- **Higher support service costs – 15% of steady state turnover** – proportionally higher support service costs (payroll, HR, finance, property, health & safety, I.T etc.) as these cannot be shared across multiple contracts
- **Higher NNDR costs - £83,091 per annum –** business rates estimated based on rateable value of RFSC and 2021 multiplier, proportional increase in new facility's GIFA compared with RFSC and the proportion of business rates not retained by PCC (51%).

6.5.14 Based on these assumptions, the average annual operational surplus generated over the 15-year period under an LATC is reduced to £736,309, compared with £1,219,672.

Summary

6.5.15 Table 10 shows the 15-year total and annual average costs of the Optimal facility mix replacement option both with an external operator running the new facility, and an LATC throughput. An annual breakdown with detailed income and expenditure by year is shown in Appendix C.

Table 10: Financial implications of Optimal Options

Optimal	15-Year Total	15-Year Annual Average	15-Year Total	15-Year Annual Average
Operating Model Years 4 - 15	*External Operator*		*LATC*	
Income	£64,200,755	£4,280,050	£58,179,980	£3,878,665
Expenditure	£45,905,679	£3,060,379	£47,135,340	£3,142,356
Operational Surplus / (Subsidy)	**£18,295,076**	**£1,219,672**	**£11,044,640**	**£736,309**
NNDR	£143,460	£9,564	£1,326,092	£88,406
Support Services	£4,275,990	£285,066	£8,791,571	£586,105
Operator Profit	£3,612,465	£240,831	£	£
Total Surplus / (Subsidy)	**£10,263,161**	**£684,211**	**£926,977**	**£61,798**
Lifecycle / Condition Survey Costs	£1,210,518	£80,701	£1,210,518	£80,701
Build Cost Capital Repayments	£20,366,505	£1,357,767	£20,366,505	£1,357,767
Net Surplus / (Subsidy) incl. capital	**(£11,313,862)**	**(£754,257)**	**(£20,650,047)**	**(£1,376,670)**

6.5.16 Taking into account the capital repayments over the period of both the condition survey investment cost and new facility build costs, the lifecycle costs for the new facility, the total cost of this option over the 15-year period of £11.3M with an external operator for the new facility or £20.7M under the LATC management model.

6.5.17 A sensitivity analysis has been applied to this option to demonstrate the potential impact of an under or over performance in income or increases in assumed costs on the overall funding gap over the period. As shown in Table 11 this demonstrates that a 10% over performance on income would result in a reduced average annual subsidy of c. £326K compared with £754K under the baseline model. In contrast, under performance on income of 10% would increase the annual subsidy to £1.18M and a 10% increase in costs would increase it to £1.06M.

Table 11: Optimal Option Sensitivity Analysis

Optimal 15-year average - Sensitivity Scenarios External Facility Operator baseline	Annual Average	Scenario 1 Above average (10%) income & base costs	Scenario 2 Below average (-10%) income & base costs	Scenario 3 Base income and increased costs (10%)
Income		10%	-10%	0%
Income Total	£4,280,050	£4,708,055	£3,852,045	£4,280,050
Expenditure		0%	0%	10%
Expenditure Total	£3,060,379	£3,060,379	£3,060,379	£3,366,416
Operational Surplus / (Subsidy)	£1,219,672	£1,647,677	£791,667	£913,634
Other Costs		0%	0%	0%
NNDR	£9,564	£9,564	£9,564	£9,564
Support Services	£285,066	£285,066	£285,066	£285,066
Operator Profit	£240,831	£240,831	£240,831	£240,831
Total Other Costs	£535,461	£535,461	£535,461	£535,461
Total Surplus / (Subsidy)	£684,211	£1,112,216	£256,206	£378,173
Capital / Lifecycle Costs		0%	0%	0%
Lifecycle / Condition Survey Costs	£80,701	£80,701	£80,701	£80,701
Build Cost Capital Repayments	£1,357,767	£1,357,767	£1,357,767	£1,357,767
Total Capital / Lifecycle Costs	£1,438,468	£1,438,468	£1,438,468	£1,438,468
Surplus / (Subsidy) incl capital & lifecycle	-£754,257	-£326,252	-£1,182,263	-£1,060,295

6.5.18 An extrapolation of the figures over 40 years from the opening of the new facility based on 2% annual inflationary adjustments has been developed to provide an indication of the total funding gap over the period. Base on this extrapolation, the total subsidy required for the Optimal option (assuming an external operator model) would be £12.8M.

6.6 Comparison of Options

6.6.1 Table 12 shows a comparison of the options based on 15-year totals. This demonstrates that all options would require a subsidy from the Council or for alternative sources of capital funding to be found to reduce the borrowing requirements. The lowest cost option over the 15-year period is the Essential option, operated under an external operator at a total cost of £10,081,420.

6.6.2 Whilst this is a significant funding gap, if the Council believes that the facility will need to be replaced once it reaches the end of its usable life, this option actually represents a saving of c. £9.4M compared with the 2031 replacement option.

6.6.3 Due to its lower capital cost requirements, the Essential option offers marginally the best value option over a 15-year period. However, if the figures are extrapolated with adjustments for inflation over a 40 year period from the development of a new facility, the Optimal option has a smaller overall funding gap of £12.8M compared with £17.8M for the Essential option.

6.6.4 The larger operational surplus generated the Optimal facility is better able to meet the fixed borrowing costs in future years, resulting in the lower overall subsidy. It should be noted however that this is a simple straight-line extrapolation which has not sought to take account of any changes in financial performance or market conditions, beyond those built into the 15-year business plan figures.

Table 12: Comparison of Options

Options Comparison - 15 Year Total	2031 Replacement	No Replacement	Essential	Optimal	2031 Replacement	Essential	Optimal
Replacement Facility Operating Model	External	LATC	External	External	LATC	LATC	LATC
Income	£29,095,971	£11,965,838	£44,679,443	£64,200,755	£27,386,663	£40,610,799	£58,179,980
Expenditure	£28,938,187	£15,587,838	£34,286,612	£45,905,679	£29,304,852	£35,117,449	£47,135,340
Operational Surplus /	**£157,784**	**(£3,622,000)**	**£10,392,831**	**£18,295,076**	**(£1,918,189)**	**£5,493,351**	**£11,044,640**
Other Costs	£4,943,398	£2,887,288	£5,689,357	£8,031,915	£5,547,885	£7,079,263	£10,117,663
Capital / Lifecycle Costs	£14,663,861	£6,676,097	£14,784,893	£21,577,023	£14,663,861	£14,784,893	£21,577,023
Net Surplus / (Subsidy) incl. capital	**(£19,449,475)**	**(£13,185,385)**	**(£10,081,420)**	**(£11,313,862)**	**(£22,129,935)**	**(£16,370,805)**	**(£20,650,047)**
Saving compared with 2031 replacement	n/a	£6,264,090	£9,368,055	£8,135,613	(£2,680,460)	£3,078,670	(£1,200,572)
40-Year Net Surplus /	***n/a***	***n/a***	***(£17,767,335)***	***(£12,771,278)***	***n/a***	***n/a***	***n/a***

7. Conclusions and Recommendations

7.1 Conclusions

7.1.1 The key conclusions arising from the feasibility study on the replacement of RFSC are as follows:

a) The current state review of the existing RFSC shows that overall level of usage and income is relatively typical for a facility of the age of RFSC and there is no evidence of a significant decline in financial performance over recent years. However, usage and financial performance is significantly below what would be expected from a comparable modern leisure facility in a number of key areas. This is considered to be largely as a result of the poor condition and quality of facilities at RFSC

b) The needs analysis has demonstrated that there is clear evidence of a lack of capacity within existing provision to adequately meet the demand for public swimming, swimming clubs and a learn to swim programme. This is apparent through desktop studies and is supported by the engagement undertaken with key stakeholders Vivacity and Swim England

c) Any replacement facility will need to provide an increase in water space and be configured to allow for maximum flexibility in terms of programming between club, public and learn to swim sessions in particular

d) Whilst desktop analysis has indicated a theoretical oversupply of health and fitness facilities in the city, the inclusion of a high quality, suitably sized gym facility with accompanying exercise studio provision would still be highly recommended for any new leisure facility and would expect to capture a strong share of the existing market.

e) There is demand for additional sports hall provision in Peterborough as demonstrated through the Sport England Facility Planning Model report and Indoor Built Facilities Strategy

f) The results of the needs analysis supports the facility mix options developed as part of the Stage 1 Options Appraisal and has identified no evidence to suggest that these options should be altered.

g) Taking into account the repayment of lifecycle costs identified through condition surveys, the total cost of continuing to operate the existing RFSC over the remainder of its usable life is c. **£13.2M.**

h) Taking into account the capital repayments over the period of both the condition survey investment costs and new facility build costs and lifecycle costs for the new facility, the total cost over a 15-year period of replacing RSFC when it comes to the end of its usable life in 2031 is c. **£19.4M**

i) Taking into account the capital repayments of the new build and lifecycle costs for the new facility, the total cost over the 15-year period of the Essential facility mix option is c. **£10.1M** under an external operator management model or c. **£16.4M** under the LATC model

j) Taking into account the capital repayments of the new build and lifecycle costs for the new facility, the total cost over the 15-year period of the Optimal facility mix option is c. **£11.3M** with an external operator management model or c. **£20.7M** under the LATC model.

7.2 Recommendations

7.2.1 The recommendations for the Council are as follows:

- Assuming that the Council agree that there is a strategic need to replace the facility at some point and that it would be unacceptable to allow the facility to close without replacement, best value would be achieved by making that investment immediately rather than sinking further cost into sustaining an old, inefficient and suboptimal facility

- Of the two facility replacement options, there is little difference in the total cost over 15 years with the Optimal option being slightly more expensive over the period. This option does, however, provide a much more significant level of provision for a relatively small increase in overall cost, so the Council should consider this to be the best value option. This is further supported by the fact that over a longer period, the Optimal option is likely to prove to be a less costly option than the Essential facility mix, as demonstrated by the extrapolation of costs over a 40-year period
- The modelling clearly indicates that external management by a multi-site provider would be the most financially advantageous operating model. However, the Council may wish test this further through a more detailed options appraisal which considers the whole of the Council's leisure portfolio and which also assesses the non-financial implications of different management models.

8. Appendix A: Detailed Financial Modelling

Provided as separate Excel document: Peterborough Financial Modelling Final Ver 2.0

9. Appendix B: Income and Expenditure Assumptions

	Essential	Optimal
	General comments / Key Assumptions	*General comments / Key Assumptions*
Income		
Swimming (and spectator seating)	*Identified shortfall in water space, identified additional demand from swimming clubs and latent demand for swimming lesson used to support income assumptions. Projected combined general swim and pool hire throughput of c. 187K is a significant increase from c. 122K at RFSC, but this reflects increased main pool water space, increased capacity to accommodate clubs and improved facility with significantly greater appeal. C. 2000 swimming lesson pupils projected for regular lessons compared with c. 1070 at RFSC, reflecting significant latent demand (c.1700 pupils) and ability to deliver significant increases to programming. Pricing is based on Vivacity rates with modest uplift (due to size increase / facility improvement) to pool hire costs.*	*Identified shortfall in water space, identified additional demand from swimming clubs and latent demand for swimming lesson used to support income assumptions. Projected combined general swim and pool hire throughput of c. 300K is a significant increase from c. 122K at RFSC, but this reflects the inclusion of a new leisure pool, increased main pool water space , improved flexibility of water space, increased capacity to accommodate clubs and improved facility with significantly greater appeal. C. 2000 swimming lesson pupils projected for regular lessons compared with c. 1070 at RFSC, reflecting significant latent demand (c.2000 pupils) and ability to deliver significant increases to programming. Pricing is based on Vivacity rates with modest uplift (due to size increase / facility improvement) to pool hire costs.*
	25m Main Pool **15m x 10m teaching pool** **320 spectator seats** Total of 95 opening hours per week. In main pool 15% of hours are used for pool hire and 15% for swimming lessons. In teaching pool 20% are used for pool hire and 20% for swimming lesson The main pool has a maximum capacity of 70 and the teaching pool 25 (based on 6SQM per swimmer). 14.25 hours of main pool hire by schools, clubs etc. per week during term time at a rate of £180 (based on current pricing). 19 hours of teaching pool hire during term time at a rate of £75. Total of £100,035 main pool hire income and £55,575 teaching pool hire General swimming available the remaining 70% of main pool hours (85%	**25m Main Pool with moveable floor** **20m x 12.5m teaching pool with moveable floor** **Leisure water with flume, water feature and splash zone** **360 spectator seats** Total of 95 opening hours per week. In main pool 15% of hours are used for pool hire and 15% for swimming lessons. In teaching pool 20% are used for pool hire and 20% for swimming lesson The main pool has a maximum capacity of 70 and the teaching pool 41 (based on 6SQM per swimmer). The leisure pool has a maximum capacity of 58. 14.25 hours of main pool hire by schools, clubs etc. per week during term time at a rate of £180 (based on current pricing). 19 hours of teaching pool hire during term time at a rate of £120. Total of

	Essential	**Optimal**
	General comments / Key Assumptions	*General comments* / Key Assumptions
	outside of term time). During term time the occupancy rate of general swimming sessions in 45%; 50% in non-term time. 70% of swims are assumed to be from members (included in membership cost) 12.5% by adults, 10% by children and 7.5% by concessions. The teaching pool is available for general swimming 60% of hours during term time and 80% of hours in non-term time. The occupancy rate is 40% in term time and 35% during holidays. 12.5% of swims are assumed to be by adults, 7.5% by concessions and 80% by children. Total of £128,856 main pool casual swimming income and £110,327 teaching pool casual swimming income There are a total of 28 half hour swimming lesson sessions per week in the main pool, each with 6 classes. The teaching pool has a total of 38 sessions per week with 3 classes per session. Each class has a maximum capacity of 10 pupils and the programme has an estimated occupancy of 60%. Lessons are charged at £6.75 per class (based on current pricing). 14 intensive holiday course session per week are also run outside of term time with a maximum capacity of 60 pupils per session in the main pool and 19 sessions each with a maximum capacity of 30 pupils in the teaching pool. The estimated occupancy is 60%. Lessons are charged at £5 per class (based on current pricing). Total of £367,920 main pool swimming lesson income and £249,660 teaching pool swimming lesson income. Spectator seating charged a £1 per seat. Estimated occupancy of 50% across c. 50 events per annum **Total main pool income - £596,811** **Total teaching pool income - £415,562** **Total swimming income - £1,012,373** **Total spectator seating income - £8,000**	£100,035 main pool hire income and £88,920 teaching pool hire General swimming available the remaining 70% of main pool hours (85% outside of term time). During term time the occupancy rate of general swimming sessions in 45%; 50% in non-term time. 70% of swims are assumed to be from members (included in membership cost) 12.5% by adults, 10% by children and 7.5% by concessions. The teaching pool is available for general swimming 60% of hours during term time and 80% of hours in non-term time. The occupancy rate is 40% in term time and 35% during holidays. 12.5% of swims are assumed to be by adults, 7.5% by concessions and 80% by children. The leisure pool has c. 51.5 peak hours and 43.5 off peak hours per week with an assumed occupancy rate of 40% and 25% respectively. 12.5% of leisure pool swims are assumed to be by adults, 7.5% by concessions and 80% by children. Total of £128,856 main pool casual swimming income, £180,936 teaching pool casual swimming income and £318,330 leisure pool causal swimming income. There are a total of 28 half hour swimming lesson sessions per week in the main pool, each with 8 classes. The teaching pool has a total of 38 sessions per week with 4 classes per session (additional classes due to moveable floor). Each class has a maximum capacity of 10 pupils and the programme has an estimated occupancy of 55%. Lessons are charged at £6.75 per class (based on current pricing). 14 intensive holiday course session per week are also run outside of term time with a maximum capacity of 80 pupils per session in the main pool and 19 sessions each with a maximum capacity of 40 pupils in the teaching pool. The estimated occupancy is 55%. Lessons are charged at £5 per class (based on current pricing).

	Essential	Optimal
	General comments / Key Assumptions	*General comments* / Key Assumptions
		Total of £449,680 main pool swimming lesson income and £305,140 teaching pool swimming lesson income. Spectator seating charged a £1 per seat. Estimated occupancy of 50% across c. 50 events per annum **Total main pool income - £678,571** **Total teaching pool income - £574,996** **Total leisure pool income - £318,330** **Total swimming income - £1,571,897** **Total spectator seating income - £9,000**
Health & Fitness	*Based on 24 members per station (drawing on local knowledge and insight from PCC officers), income is based on projection of 3600 members plus limited casual use. This compares with c. 18 members per station at a gym about half the size at RFSC currently. Although there is a local oversupply, a new facility with a broad offer such as this should be able to claim significant market share. Pricing based on former Vivacity rates with 20% reduction applied to allow margin for promotions etc.*	*Based on 24 members per station (drawing on local knowledge and insight from PCC officers), income is based on projection of 4200 members plus limited casual use. This compares with c. 18 members per station at a gym less than half the size at RFSC currently. Although there is a local oversupply, a new facility with a broad offer such as this should be able to claim significant market share. Pricing based on former Vivacity rates with 20% reduction applied to allow margin for promotions etc.*
	150 station H&F Gym 150 stations with 24 members per station and average monthly yield of £33.80 for full price memberships and £21.12 for concessions. Prices are based on current adult and concessionary rates, estimated membership split and a 20% reduction to account for discounts and promotions Casual income at 10% of membership use (calculated based on estimated 2 weekly visits per member). Casual visits are charged at £7 for full price adults (65%) and £4.75 for concessions (35%) – based on current prices. **Total health & fitness membership income - £1,1,295,827** **Total casual health & fitness gym income - £223,650** **Total health & fitness gym income - £1,519,477**	**175 station H&F Gym** 175 stations with 24 members per station and average monthly yield of £33.80 for full price memberships and £21.12 for concessions. Prices are based on current adult and concessionary rates, estimated membership split and a 20% reduction to account for discounts and promotions Casual income at 10% of membership use (calculated based on estimated 2 weekly visits per member). Casual visits are charged at £7 for full price adults (65%) and £4.75 for concessions (35%) – based on current prices. **Total health & fitness membership income - £1511,798** **Total casual health & fitness gym income - £260,925** **Total health &fitness gym income - £1,772,723**

	Essential *General comments* / Key Assumptions	**Optimal** *General comments* / Key Assumptions
Studios	*Studio provision primarily supports health and fitness membership income with some limited income from pay and play visits. Pricing based on former Vivacity rates*	*Studio provision primarily supports health and fitness membership income with some limited income from pay and play visits. Occupancy is higher compared with Essential reflecting increase in members. Pricing based on former Vivacity rates*
	2 x 200 SQM exercise studios **20 bike spin studio** Capacity of 40 people per exercise studio (2 studios), each with 32 classes per week and an average class occupancy of 60% Class attendance split into 75% members (no charge), 20% full price pay and play (£7 per class) and 5% concessionary pay & play (£5 per class). Casual prices are increased from current levels to reflect improved quality and market pricing Spin studio with capacity for 20 bikes, 32 instructor-led classes per week and occupancy of 70%. Class attendance split into 75% members, 20% full price pay and play and 5% concessionary pay and play 16 additional virtual spin classes per week have a 25% occupancy with virtual class attendance split into 85% members, 10% full price pay and play and 5% concessionary pay and play. **Total studio income - £165,880**	**3 x 200 SQM exercise studios** **20 bike spin studio** Capacity of 40 people per exercise studio (3 studios), each with 32 classes per week and an average class occupancy of 65% Class attendance split into 75% members (no charge), 20% full price pay and play (£7 per class) and 5% concessionary pay & play (£5 per class). Casual prices are increased from current levels to reflect improved quality and market pricing Spin studio with capacity for 20 bikes, 32 instructor-led classes per week and occupancy of 65%. Class attendance split into 75% members, 20% full price pay and play and 5% concessionary pay and play 16 additional virtual spin classes per week have a 30% occupancy with virtual class attendance split into 85% members, 10% full price pay and play and 5% concessionary pay and play. **Total studio income - £208,560**
Health Suite and Treatment Rooms	*Relatively modest income from casual visits assumed (c. £18K) plus additional income from upgraded memberships.*	*Relatively modest income health suite from casual visits assumed (c. £20K) plus additional income from upgraded memberships. Increase compared with Essential reflects higher membership and throughput levels. Treatment room income is based rental to a third party specialist provider.*
	Total of 65 opening hours per week – 32 peak hours and 33 off peak hours. Total capacity of 12 people. Estimated peak time occupancy of 40% and off peak occupancy of 25%. 80% of visits are assumed to be by members at no cost, 15% at full price (peak £8.75 / off peak £7) and 5% at a concessionary rate (£6 / £4.80).	Total of 65 opening hours per week – 32 peak hours and 33 off peak hours. Total capacity of 12 people. Estimated peak time occupancy of 45% and off peak occupancy of 30%. 80% of visits are assumed to be by members at no cost, 15% at full price (peak £8.75 / off peak £7) and 5% at a concessionary rate (£6 / £4.80).

	Essential *General comments* / Key Assumptions	**Optimal** *General comments* / Key Assumptions
	Estimated 7.5% of members take up a spa membership upgrade at an additional cost of £6 per month. **Total health suite income - £37,274**	Estimated 7.5% of members take up a spa membership upgrade at an additional cost of £6 per month. Treatment room rental income of £20,000 per room (2). **Total health suite income - £43,151** **Total treatment room income - £40,000**
Café / Vending	*Based on activity specific spend assumptions - income is balanced by Cost of Sales and staffing. Small profit margin typical of leisure centre provision.*	*Based on activity specific spend assumptions - income is balanced by Cost of Sales and staffing. Small profit margin typical of leisure centre provision.*
	Estimated £0.25 spend per visit Estimated throughput of 862,070 calculated based on membership and casual visits from other facility activity areas **Total café / vending income - £215,517**	Estimated £0.25 spend per visit (members, casual users, parents / spectators) and £3 per head for parties (soft play / clip n climb). Estimated throughput of 1,239,427 calculated based on membership and casual visits from other facility activity areas **Total café / vending income - £348,357**
Sports Hall	*N/A*	*Shortfall in Sports Hall provision identified in FPM. Modest income levels projected based on c. 40% occupancy and current vivacity rates. Total income of c. £75K is in line with expected income levels for 4-court sports hall.*
	N/A	35.5 peak hours per week with an expected occupancy of 50%. Booking split between 40% whole hall bookings at £55 and 60% single court bookings (assuming 50% of courts on average booked at any one time) at £12.50. 59.5 off peak hours per week with an expected occupancy of 35%. Booking split between 65% whole hall bookings at £50 and 35% single court bookings (assuming 50% of courts on average booked at any one time) at £11.50. **Total sports hall income - £75,060**
Soft Play	*N/A*	*Large soft play facility over 2 levels adjacent to café has significant capacity. Conservative occupancy levels for casual use projected with prices benchmarked with local facilities. Additional income projected from children's parties. Income levels comparable to similar scale leisure centre soft play facilities.*

	Essential *General comments* / Key Assumptions	**Optimal** *General comments* / Key Assumptions
	N/A	Total capacity of 40 children. Total of 33 peak hours per week and 30 off peak hours. An estimated 4 parties per week during peak hours (2 hrs each) with an average head count per party of 12 and price per head of £10.50. Estimated 2 parties per week during off peak hours with an average head count per party of 12 and price per head of £8. Total weekly casual use capacity during peak hours of 1,224 and expected occupancy of 40%. An estimated 25% of peak time visits is by over 5's at £5 and 75% by under 5's at 2.50. Total weekly casual use capacity during off peak hours of 1,152 and expected occupancy of 25%. An estimated 10% of off peak visits is by over 5's at £3.50 and 90% by under 5's at £1.50. **Total party income - £34,800** **Total casual income - £100,980** **Total soft play income - £135,780**
Clip n Climb	*N/A*	*No competing clip n climb provision in the area. This is a popular family activity at the moment, but the space has the flexibility to be adapted when trends shift. Limited opening hours and conservative occupancy levels for casual use projected with prices benchmarked with similar facilities. Additional income projected from children's parties. Income levels modest compared to similar scale facilities.*
		Total capacity of 12 people. Total of 40 weekday hours per week and 20 weekend hours. An estimated 5 parties per week (2 hrs each) with an average head count per party of 8 and price per head of £12.50. Expected weekday term time casual use occupancy of 40% (£8.50 per visit) and weekend term occupancy of 65% (£10 per visit). Expected weekday non-term time casual use occupancy of 50% (£8.50 per visit)

	Essential *General comments / Key Assumptions*	**Optimal** *General comments / Key Assumptions*
		and weekend non-term occupancy of 65% (£10 per visit). **Total party income - £25,000** **Total casual income - £148,488** **Total soft play income - £173,4880**
Expenditure		
Staffing	As shown in staff costs breakdown below.	
Repair and Maintenance	Based on 0.5% of capital cost – benchmarked cost to cover day to day repairs / reactive maintenance and planned preventative maintenance.	
Water & Utilities	Based on £30 per SQM benchmark which has been tested through consultation with sector leading energy consultants, Leisure Energy. Leisure Energy has identified that there may be significant opportunities for ongoing revenue savings through additional investment in energy efficiency and it is recommended that these are explored further through any further detailed design stages	
Equipment	Based on 0.5% of income – benchmarked cost to cover replacement of minor equipment purchases.	
Cost of Sales	50% of sales – fluctuates based on café / vending income levels.	
Cleaning	Based on 1% of income – benchmarked cost to cover contract cleaning and materials. Spot cleaning / reactive cleaning undertaken by duty officers / leisure assistants.	
Marketing	Based on 2.0% of income – benchmarked cost to cover site-based marketing and promotions. Some central marketing function provided by head office.	
Insurance	Based on 1% of income – benchmarked, linked to income, as costs will differ linked to scale / throughput / usage.	
IT / Admin Legals and Licenses	Based on 2% of income – benchmarked against recent market data.	
Irrecoverable VAT	Based on 7.5% of income – benchmarked against recent market data, but expect level of VAT recovery will depend on the specific operator's model. Some operators are able to recovery a higher proportion of VAT.	
Capital Equipment replacement fund	Based on identified fixtures, fittings and equipment costs for the site and estimated replacement periods – depreciation.	

Essential Facility Mix – Staff Costs

Staff Costs	Essential Facility mix			
Permanent Staff	**FTEs**	**Salary £**	**On Costs (%)**	**Total Cost £**
Centre Manager	1	£38,000	15%	£43,700
Operations Manager	1	£30,000	15%	£34,500
Admin / Front of House Manager	1	£28,000	15%	£32,200
Maintenance Manager	1	£26,000	15%	£29,900
Maintenance Technician	1	£22,000	15%	£25,300
Duty Managers	3	£25,000	15%	£86,250
Receptionists	4.5	£20,000	15%	£103,500
Administrative Assistants	2	£22,000	15%	£50,600
Leisure Assistants / Lifeguards	12	£19,000	15%	£262,200
Sales Advisors	1.5	£25,000	15%	£43,125
Swim School Supervisor	1	£25,000	15%	£28,750
Health & Fitness Manager	1	£25,000	15%	£28,750
Health & Fitness Assistants	3	£20,000	15%	£69,000
Group Exercise Coordinator	0	£20,000	15%	£0
Clip n Climb Attendants	0	£19,000	15%	£0
Soft Play Attendants	0	£19,000	15%	£0
Food & Beverage Manager	0.75	£28,000	15%	£24,150
Cafe Staff	3	£18,000	15%	£62,100
Spa Technicians	0	£25,000	15%	£0
Total Permanent Staff Costs				**£924,025**
Casual Staff	**Hours P.A.**	**Hourly Rate £**		**Total Cost £**
Studio Class Instructors	3200	£22		£70,400
Spin Studio Instructors	1600	£22		£35,200
Swimming Instructors	7825.5	£18		£140,859
Casual Café staff	2575	£10		£25,750
Casual Leisure Assistants / Lifeguards	5150	£12		£61,800
Total Casual Staff Costs				**£334,009**
Other Staff Costs				**Total Cost £**
Training				£11,000
Uniform				£6,000
Total Casual Staff Costs				**£17,000**
Total Staff Costs				**£1,275,034**

Optimal Facility Mix Staff Costs

Staff Costs	Optimal Facility mix			
Permanent Staff	**FTEs**	**Salary £**	**On Costs (%)**	**Total Cost £**
Centre Manager	1	£38,000	15%	£43,700
Operations Manager	1	£30,000	15%	£34,500
Admin / Front of House Manager	1	£28,000	15%	£32,200
Maintenance Manager	1	£26,000	15%	£29,900
Maintenance Technician	1.5	£22,000	15%	£37,950
Duty Managers	3	£25,000	15%	£86,250
Receptionists	5.5	£20,000	15%	£126,500
Administrative Assistants	2.5	£22,000	15%	£63,250
Leisure Assistants / Lifeguards	15	£19,000	15%	£327,750
Sales Advisors	2	£25,000	15%	£57,500
Swim School Supervisor	1	£25,000	15%	£28,750
Health & Fitness Manager	1	£25,000	15%	£28,750
Health & Fitness Assistants	4	£20,000	15%	£92,000
Group Exercise Coordinator	0.5	£20,000	15%	£11,500
Clip n Climb Attendants	3	£19,000	15%	£65,550
Soft Play Attendants	0	£19,000	15%	£0
Food & Beverage Manager	1	£28,000	15%	£32,200
Cafe Staff	6	£18,000	15%	£124,200
Spa Technicians	0.0	£25,000	15%	£0
Total Permanent Staff Costs				**£1,222,450**
Casual Staff	**Hours P.A.**	**Hourly Rate £**		**Total Cost £**
Studio Class Instructors	4800	£22		£105,600
Spin Studio Instructors	1600	£22		£35,200
Swimming Instructors	10434	£18		£187,812
Casual Café staff	2575	£10		£25,750
Casual Leisure Assistants / Lifeguards	7725	£12		£92,700
Total Casual Staff Costs				**£447,062**
Other Staff Costs				**Total Cost £**
Training				£13,500
Uniform				£7,500
Total Casual Staff Costs				**£21,000**
Total Staff Costs				**£1,690,512**

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10. Appendix C: 15-year income and expenditure summaries – all options

No Replacement

2031 Replacement

2031 Replacement LATC

Essential

Essential LATC

Optimal

Optimal LATC

Indicative 15-year costs
Do nothing option - costs to the Council
Annual inflation rate 2%

Indicative Forecast Figures - LATC

No Replacement - LATC management	RFSC Baseline - 2020/21	Year 1 2021/22	Year 2 2022/23	Year 3 2023/24	Year 4 2024/25	Year 5 2025/26	Year 6 2026/27	Year 7 2027/28	Year 8 2028/29	Year 9 2029/30	Year 10 2030/31	Year 11 2031/32	Year 12 2032/33	Year 13 2033/34	Year 14 2034/35	Year 15 2035/36	Total
Income		-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	No provision					
H&F	£655,262	£622,499	£603,202	£584,503	£566,383	£548,825	£531,812	£515,325	£499,350	£483,870	£468,870	£0	£0	£0	£0	£0	**£5,424,640**
Swim Academy	£347,861	£330,468	£320,223	£310,296	£300,677	£291,356	£282,324	£273,572	£265,091	£256,874	£248,910	£0	£0	£0	£0	£0	**£2,879,792**
School Swimming	£69,716	£66,230	£64,177	£62,187	£60,260	£58,392	£56,581	£54,827	£53,128	£51,481	£49,885	£0	£0	£0	£0	£0	**£577,148**
Pool Admissions	£204,583	£194,354	£188,329	£182,491	£176,834	£171,352	£166,040	£160,893	£155,905	£151,072	£146,389	£0	£0	£0	£0	£0	**£1,693,658**
Room Hire	£34,890	£33,146	£32,118	£31,123	£30,158	£29,223	£28,317	£27,439	£26,589	£25,764	£24,966	£0	£0	£0	£0	£0	**£288,842**
Vending / Retail	£40,475	£38,451	£37,259	£36,104	£34,985	£33,900	£32,849	£31,831	£30,844	£29,888	£28,962	£0	£0	£0	£0	£0	**£335,074**
Health Suite	£12,538	£11,911	£11,541	£11,184	£10,837	£10,501	£10,175	£9,860	£9,554	£9,258	£8,971	£0	£0	£0	£0	£0	**£103,793**
Parking	£41,716	£39,630	£38,401	£37,211	£36,057	£34,940	£33,857	£32,807	£31,790	£30,804	£29,850	£0	£0	£0	£0	£0	**£345,347**
Other	£38,357	£36,439	£35,310	£34,215	£33,154	£32,127	£31,131	£30,166	£29,231	£28,324	£27,446	£0	£0	£0	£0	£0	**£317,543**
Total Income	**£1,445,398**	**£1,373,128**	**£1,330,561**	**£1,289,314**	**£1,249,345**	**£1,210,615**	**£1,173,086**	**£1,136,721**	**£1,101,482**	**£1,067,336**	**£1,034,249**	**£0**	**£0**	**£0**	**£0**	**£0**	**£11,965,838**
Expenditure		2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	No provision					
Staffing*	£934,293	£934,293	£952,979	£972,039	£991,479	£1,011,309	£1,031,535	£1,052,166	£1,073,209	£1,094,673	£1,116,567	£0	£0	£0	£0	£0	**£10,230,250**
R&M	£55,449	£56,835	£59,421	£62,125	£64,952	£67,907	£70,997	£74,227	£77,605	£81,136	£84,827	£0	£0	£0	£0	£0	**£700,032**
FF&E / IT / Equipment*	£14,383	£14,383	£14,671	£14,964	£15,264	£15,569	£15,880	£16,198	£16,522	£16,852	£17,189	£0	£0	£0	£0	£0	**£157,493**
Cleaning/ Other Premises	£69,621	£71,361	£74,608	£78,003	£81,552	£85,262	£89,142	£93,198	£97,438	£101,872	£106,507	£0	£0	£0	£0	£0	**£878,943**
Office / Admin*	£9,254	£9,254	£9,439	£9,628	£9,820	£10,017	£10,217	£10,422	£10,630	£10,843	£11,059	£0	£0	£0	£0	£0	**£101,329**
Insurance / Licenses*	£17,999	£17,999	£18,359	£18,726	£19,101	£19,483	£19,872	£20,270	£20,675	£21,089	£21,510	£0	£0	£0	£0	£0	**£197,082**
Irrecoverable VAT*	£23,410	£23,410	£23,878	£24,356	£24,843	£25,340	£25,846	£26,363	£26,891	£27,428	£27,977	£0	£0	£0	£0	£0	**£256,331**
Depreciation	£35,086	£35,963	£37,600	£39,310	£41,099	£42,969	£44,924	£46,968	£49,105	£51,340	£53,676	£0	£0	£0	£0	£0	**£442,955**
Cost of Sales*	£34,516	£34,516	£35,206	£35,910	£36,628	£37,361	£38,108	£38,870	£39,648	£40,440	£41,249	£0	£0	£0	£0	£0	**£377,935**
Utilities	£177,864	£182,310	£190,606	£199,278	£208,345	£217,825	£227,736	£238,098	£248,931	£260,258	£272,100	£0	£0	£0	£0	£0	**£2,245,487**
Total Expenditure	**£1,371,875**	**£1,380,325**	**£1,416,767**	**£1,454,339**	**£1,493,083**	**£1,533,041**	**£1,574,258**	**£1,616,780**	**£1,660,654**	**£1,705,930**	**£1,752,661**	**£0**	**£0**	**£0**	**£0**	**£0**	**£15,587,838**
*Facility age related cost increases not applied																	
Operational Surplus / (Subsidy)	**£73,524**	**-£7,197**	**-£86,205**	**-£165,025**	**-£243,738**	**-£322,426**	**-£401,172**	**-£480,059**	**-£559,171**	**-£638,594**	**-£718,413**	**£0**	**£0**	**£0**	**£0**	**£0**	**-£3,622,000**
Other Costs																	
NNDR (net cost to Council)	£46,876	£46,876	£47,814	£48,770	£49,745	£50,740	£51,755	£52,790	£53,846	£54,923	£56,021	£0	£0	£0	£0	£0	**£513,282**
Support Services	£216,810	£216,810	£221,146	£225,569	£230,080	£234,682	£239,375	£244,163	£249,046	£254,027	£259,108	£0	£0	£0	£0	£0	**£2,374,006**
Operator Profit	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	**£0**
Total Other Costs	**£263,686**	**£263,686**	**£268,960**	**£274,339**	**£279,826**	**£285,422**	**£291,131**	**£296,953**	**£302,892**	**£308,950**	**£315,129**	**£0**	**£0**	**£0**	**£0**	**£0**	**£2,887,288**
Total Surplus / (Subsidy)	**-£190,162**	**-£270,883**	**-£355,165**	**-£439,364**	**-£523,563**	**-£607,848**	**-£692,302**	**-£777,012**	**-£862,064**	**-£947,544**	**-£1,033,542**	**£0**	**£0**	**£0**	**£0**	**£0**	**-£6,509,288**
Capital / Lifecycle Costs																	
Lifecycle / Condition Survey Costs	£721,855	£721,855	£662,046	£661,936	£661,823	£661,708	£661,590	£661,470	£661,348	£661,224	£661,097	£0	£0	£0	£0	£0	**£6,676,097**
Build Cost Capital Repayments	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	**£0**
Total Capital / Lifecycle Costs	**£721,855**	**£721,855**	**£662,046**	**£661,936**	**£661,823**	**£661,708**	**£661,590**	**£661,470**	**£661,348**	**£661,224**	**£661,097**	**£0**	**£0**	**£0**	**£0**	**£0**	**£6,676,097**
Surplus / (Subsidy) incl capital & lifecycle	**-£912,017**	**-£992,738**	**-£1,017,212**	**-£1,101,300**	**-£1,185,386**	**-£1,269,556**	**-£1,353,893**	**-£1,438,483**	**-£1,523,412**	**-£1,608,768**	**-£1,694,638**	**£0**	**£0**	**£0**	**£0**	**£0**	**-£13,185,385**

Indicative 15-year costs
2031 Replacement - External Operator

Annual inflation rate 2%

Indicative Forecast Figures - External Procured Operator

	RFSC Baseline - 2020/21	Year 1 2021/22	Year 2 2022/23	Year 3 2023/24	Year 4 2024/25	Year 5 2025/26	Year 6 2026/27	Year 7 2027/28	Year 8 2028/29	Year 9 2029/30	Year 10 2030/31	Year 11 2031/32	Year 12 2032/33	Year 13 2033/34	Year 14 2034/35	Year 15 2035/36	Total
Income		-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	New facility					
H&F	£655,262	£622,499	£603,202	£584,503	£566,383	£548,825	£531,812	£515,325	£499,350	£483,870	£468,870	£1,438,109	£1,781,200	£2,137,440	£2,180,189	£2,223,793	**£15,185,372**
Swim Academy	£347,861	£330,468	£320,223	£310,296	£300,677	£291,356	£282,324	£273,572	£265,091	£256,874	£248,910	£526,979	£652,701	£783,241	£798,906	£814,884	**£6,456,502**
School Swimming	£69,716	£66,230	£64,177	£62,187	£60,260	£58,392	£56,581	£54,827	£53,128	£51,481	£49,885	£132,781	£164,459	£197,351	£201,298	£205,324	**£1,478,362**
Pool Admissions	£204,583	£194,354	£188,329	£182,491	£176,834	£171,352	£166,040	£160,893	£155,905	£151,072	£146,389	£210,920	£261,240	£313,488	£319,757	£326,152	**£3,125,215**
Room Hire	£34,890	£33,146	£32,118	£31,123	£30,158	£29,223	£28,317	£27,439	£26,589	£25,764	£24,966	£0	£0	£0	£0	£0	**£288,842**
Vending / Retail	£40,475	£38,451	£37,259	£36,104	£34,985	£33,900	£32,849	£31,831	£30,844	£29,888	£28,962	£183,900	£227,773	£273,328	£278,795	£284,371	**£1,583,241**
Health Suite	£12,538	£11,911	£11,541	£11,184	£10,837	£10,501	£10,175	£9,860	£9,554	£9,258	£8,971	£27,689	£39,393	£47,272	£48,218	£49,182	**£315,547**
Parking	£41,716	£39,630	£38,401	£37,211	£36,057	£34,940	£33,857	£32,807	£31,790	£30,804	£29,850	£0	£0	£0	£0	£0	**£345,347**
Other	£38,357	£36,439	£35,310	£34,215	£33,154	£32,127	£31,131	£30,166	£29,231	£28,324	£27,446	£0	£0	£0	£0	£0	**£317,543**
Total Income	**£1,445,398**	**£1,373,128**	**£1,330,561**	**£1,289,314**	**£1,249,345**	**£1,210,615**	**£1,173,086**	**£1,136,721**	**£1,101,482**	**£1,067,336**	**£1,034,249**	**£2,520,378**	**£3,126,767**	**£3,752,120**	**£3,827,163**	**£3,903,706**	**£29,095,971**
Expenditure		2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	New facility					
Staffing*	£934,293	£934,293	£952,979	£972,039	£991,479	£1,011,309	£1,031,535	£1,052,166	£1,073,209	£1,094,673	£1,116,567	£1,554,259	£1,585,345	£1,617,051	£1,649,392	£1,682,380	**£18,318,678**
R&M	£55,449	£56,835	£59,421	£62,125	£64,952	£67,907	£70,997	£74,227	£77,605	£81,136	£84,827	£128,848	£131,425	£134,053	£136,734	£139,469	**£1,370,561**
FF&E / IT / Equipment*	£14,383	£14,383	£14,671	£14,964	£15,264	£15,569	£15,880	£16,198	£16,522	£16,852	£17,189	£18,032	£18,393	£18,761	£19,136	£19,519	**£251,333**
Cleaning/ Other Premises	£69,621	£71,361	£74,608	£78,003	£81,552	£85,262	£89,142	£93,198	£97,438	£101,872	£106,507	£36,064	£36,785	£37,521	£38,272	£39,037	**£1,066,623**
Office / Admin*	£9,254	£9,254	£9,439	£9,628	£9,820	£10,017	£10,217	£10,422	£10,630	£10,843	£11,059	£72,128	£73,571	£75,042	£76,543	£78,074	**£476,688**
Insurance / Licenses*	£17,999	£17,999	£18,359	£18,726	£19,101	£19,483	£19,872	£20,270	£20,675	£21,089	£21,510	£108,193	£110,356	£112,564	£114,815	£117,111	**£760,121**
Irrecoverable VAT*	£23,410	£23,410	£23,878	£24,356	£24,843	£25,340	£25,846	£26,363	£26,891	£27,428	£27,977	£270,482	£275,891	£281,409	£287,037	£292,778	**£1,663,928**
Depreciation	£35,086	£35,963	£37,600	£39,310	£41,099	£42,969	£44,924	£46,968	£49,105	£51,340	£53,676	£66,252	£67,577	£68,929	£70,308	£71,714	**£787,735**
Cost of Sales*	£34,516	£34,516	£35,206	£35,910	£36,628	£37,361	£38,108	£38,870	£39,648	£40,440	£41,249	£91,950	£113,887	£136,664	£139,397	£142,185	**£1,002,019**
Utilities	£177,864	£182,310	£190,606	£199,278	£208,345	£217,825	£227,736	£238,098	£248,931	£260,258	£272,100	£179,986	£183,585	£187,257	£191,002	£194,822	**£3,182,140**
Total Expenditure	**£1,371,875**	**£1,380,325**	**£1,416,767**	**£1,454,339**	**£1,493,083**	**£1,533,041**	**£1,574,258**	**£1,616,780**	**£1,660,654**	**£1,705,930**	**£1,752,661**	**£2,526,194**	**£2,596,816**	**£2,669,252**	**£2,722,637**	**£2,777,089**	**£28,879,825**
*Facility age related cost increases not applied																	
Operational Surplus / (Subsidy)	**£73,524**	**-£7,197**	**-£86,205**	**-£165,025**	**-£243,738**	**-£322,426**	**-£401,172**	**-£480,059**	**-£559,171**	**-£638,594**	**-£718,413**	**-£5,816**	**£529,951**	**£1,082,869**	**£1,104,526**	**£1,126,617**	**£216,146**
Other Costs																	
NNDR (net cost to Council)	£46,876	£46,876	£47,814	£48,770	£49,745	£50,740	£51,755	£52,790	£53,846	£54,923	£56,021	£0	£0	£0	£0	£0	**£513,282**
Support Services	£216,810	£216,810	£221,146	£225,569	£230,080	£234,682	£239,375	£244,163	£249,046	£254,027	£259,108	£151,470	£187,606	£225,127	£229,630	£234,222	**£3,402,061**
Operator Profit	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£151,470	£187,606	£225,127	£229,630	£234,222	**£1,028,055**
Total Other Costs	**£263,686**	**£263,686**	**£268,960**	**£274,339**	**£279,826**	**£285,422**	**£291,131**	**£296,953**	**£302,892**	**£308,950**	**£315,129**	**£302,939**	**£375,212**	**£450,254**	**£459,260**	**£468,445**	**£4,943,398**
Total Surplus / (Subsidy)	**-£190,162**	**-£270,883**	**-£355,165**	**-£439,364**	**-£523,563**	**-£607,848**	**-£692,302**	**-£777,012**	**-£862,064**	**-£947,544**	**-£1,033,542**	**-£308,756**	**£154,739**	**£632,614**	**£645,266**	**£658,172**	**-£4,727,252**
Capital / Lifecycle Costs																	
Lifecycle / Condition Survey Costs	£721,855	£721,855	£662,046	£661,936	£661,823	£661,708	£661,590	£661,470	£661,348	£661,224	£661,097	£64,424	£65,712	£67,027	£68,367	£69,734	**£7,011,362**
Build Cost Capital Repayments	£0	£0	£0	£0	£0	£0	£0	£0	£0	£342,932	£1,116,899	£1,116,774	£1,116,647	£1,116,516	£1,116,383	£1,116,246	**£7,042,396**
Total Capital / Lifecycle Costs	**£721,855**	**£721,855**	**£662,046**	**£661,936**	**£661,823**	**£661,708**	**£661,590**	**£661,470**	**£661,348**	**£1,004,155**	**£1,777,996**	**£1,181,198**	**£1,182,359**	**£1,183,543**	**£1,184,750**	**£1,185,980**	**£14,053,758**
Surplus / (Subsidy) incl capital & lifecycle	**-£912,017**	**-£992,738**	**-£1,017,212**	**-£1,101,300**	**-£1,185,386**	**-£1,269,556**	**-£1,353,893**	**-£1,438,483**	**-£1,523,412**	**-£1,951,699**	**-£2,811,537**	**-£1,489,954**	**-£1,027,620**	**-£550,929**	**-£539,483**	**-£527,808**	**-£18,781,010**

Indicative 15-year costs
2031 Replacement - LATC
Annual inflation rate 2%

Indicative Forecast Figures - LATC

	RFSC Baseline - 2020/21	Year 1 2021/22	Year 2 2022/23	Year 3 2023/24	Year 4 2024/25	Year 5 2025/26	Year 6 2026/27	Year 7 2027/28	Year 8 2028/29	Year 9 2029/30	Year 10 2030/31	Year 11 2031/32	Year 12 2032/33	Year 13 2033/34	Year 14 2034/35	Year 15 2035/36	Total
Income		-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	New facility					
H&F	£655,262	£622,499	£603,202	£584,503	£566,383	£548,825	£531,812	£515,325	£499,350	£483,870	£468,870	£1,294,298	£1,603,080	£1,923,696	£1,962,170	£2,001,414	**£14,209,299**
Swim Academy	£347,861	£330,468	£320,223	£310,296	£300,677	£291,356	£282,324	£273,572	£265,091	£256,874	£248,910	£474,281	£587,431	£704,917	£719,015	£733,395	**£6,098,831**
School Swimming	£69,716	£66,230	£64,177	£62,187	£60,260	£58,392	£56,581	£54,827	£53,128	£51,481	£49,885	£119,503	£148,013	£177,616	£181,168	£184,792	**£1,388,241**
Pool Admissions	£204,583	£194,354	£188,329	£182,491	£176,834	£171,352	£166,040	£160,893	£155,905	£151,072	£146,389	£189,828	£235,116	£282,139	£287,782	£293,537	**£2,982,059**
Room Hire	£34,890	£33,146	£32,118	£31,123	£30,158	£29,223	£28,317	£27,439	£26,589	£25,764	£24,966	£0	£0	£0	£0	£0	**£288,842**
Vending / Retail	£40,475	£38,451	£37,259	£36,104	£34,985	£33,900	£32,849	£31,831	£30,844	£29,888	£28,962	£165,510	£204,996	£245,995	£250,915	£255,934	**£1,458,425**
Health Suite	£12,538	£11,911	£11,541	£11,184	£10,837	£10,501	£10,175	£9,860	£9,554	£9,258	£8,971	£28,625	£35,454	£42,545	£43,396	£44,264	**£298,077**
Parking	£41,716	£39,630	£38,401	£37,211	£36,057	£34,940	£33,857	£32,807	£31,790	£30,804	£29,850	£0	£0	£0	£0	£0	**£345,347**
Other	£38,357	£36,439	£35,310	£34,215	£33,154	£32,127	£31,131	£30,166	£29,231	£28,324	£27,446	£0	£0	£0	£0	£0	**£317,543**
Total Income	£1,445,398	£1,373,128	£1,330,561	£1,289,314	£1,249,345	£1,210,615	£1,173,086	£1,136,721	£1,101,482	£1,067,336	£1,034,249	£2,272,045	£2,814,090	£3,376,908	£3,444,446	£3,513,335	£27,386,663
Expenditure		2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	New facility					
Staffing*	£934,293	£934,293	£952,979	£972,039	£991,479	£1,011,309	£1,031,535	£1,052,166	£1,073,209	£1,094,673	£1,116,567	£1,554,259	£1,585,345	£1,617,051	£1,649,392	£1,682,380	**£18,318,678**
R&M	£55,449	£56,835	£59,421	£62,125	£64,952	£67,907	£70,997	£74,227	£77,605	£81,136	£84,827	£141,732	£144,567	£147,458	£150,408	£153,416	**£1,437,614**
FF&E / IT / Equipment*	£14,383	£14,383	£14,671	£14,964	£15,264	£15,569	£15,880	£16,198	£16,522	£16,852	£17,189	£19,835	£20,232	£20,637	£21,049	£21,470	**£260,717**
Cleaning/ Other Premises	£69,621	£71,361	£74,608	£78,003	£81,552	£85,262	£89,142	£93,198	£97,438	£101,872	£106,507	£39,671	£40,464	£41,273	£42,099	£42,941	**£1,085,391**
Office / Admin*	£9,254	£9,254	£9,439	£9,628	£9,820	£10,017	£10,217	£10,422	£10,630	£10,843	£11,059	£79,341	£80,928	£82,547	£84,198	£85,882	**£514,224**
Insurance / Licenses*	£17,999	£17,999	£18,359	£18,726	£19,101	£19,483	£19,872	£20,270	£20,675	£21,089	£21,510	£115,405	£117,714	£120,068	£122,469	£124,919	**£797,657**
Irrecoverable VAT*	£23,410	£23,410	£23,878	£24,356	£24,843	£25,340	£25,846	£26,363	£26,891	£27,428	£27,977	£270,482	£275,891	£281,409	£287,037	£292,778	**£1,663,928**
Depreciation	£35,086	£35,963	£37,600	£39,310	£41,099	£42,969	£44,924	£46,968	£49,105	£51,340	£53,676	£72,878	£74,335	£75,822	£77,338	£78,885	**£822,213**
Cost of Sales*	£34,516	£34,516	£35,206	£35,910	£36,628	£37,361	£38,108	£38,870	£39,648	£40,440	£41,249	£101,145	£125,275	£150,330	£153,337	£156,404	**£1,064,427**
Utilities	£177,864	£182,310	£190,606	£199,278	£208,345	£217,825	£227,736	£238,098	£248,931	£260,258	£272,100	£197,984	£201,944	£205,983	£210,103	£214,305	**£3,275,805**
Total Expenditure	£1,371,875	£1,380,325	£1,416,767	£1,454,339	£1,493,083	£1,533,041	£1,574,258	£1,616,780	£1,660,654	£1,705,930	£1,752,661	£2,592,733	£2,666,695	£2,742,579	£2,797,430	£2,853,379	£29,240,654
*Facility age related cost increases not applied																	
Operational Surplus / (Subsidy)	£73,524	-£7,197	-£86,205	-£165,025	-£243,738	-£322,426	-£401,172	-£480,059	-£559,171	-£638,594	-£718,413	-£320,688	£147,395	£634,330	£647,016	£659,957	-£1,853,990
Other Costs																	
NNDR (net cost to Council)	£46,876	£46,876	£47,814	£48,770	£49,745	£50,740	£51,755	£52,790	£53,846	£54,923	£56,021	£66,770	£68,105	£69,468	£70,857	£72,274	**£860,756**
Support Services	£216,810	£216,810	£221,146	£225,569	£230,080	£234,682	£239,375	£244,163	£249,046	£254,027	£259,108	£340,807	£422,114	£506,536	£516,667	£527,000	**£4,687,130**
Operator Profit	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	**£0**
Total Other Costs	£263,686	£263,686	£268,960	£274,339	£279,826	£285,422	£291,131	£296,953	£302,892	£308,950	£315,129	£407,577	£490,219	£576,004	£587,524	£599,274	£5,547,885
Total Surplus / (Subsidy)	-£190,162	-£270,883	-£355,165	-£439,364	-£523,563	-£607,848	-£692,302	-£777,012	-£862,064	-£947,544	-£1,033,542	-£728,265	-£342,824	£58,326	£59,492	£60,682	-£7,401,876
Capital / Lifecycle Costs																	
Lifecycle / Condition Survey Costs	£721,855	£721,855	£662,046	£661,936	£661,823	£661,708	£661,590	£661,470	£661,348	£661,224	£661,097	£64,424	£65,712	£67,027	£68,367	£69,734	**£7,011,362**
Build Cost Capital Repayments	£0	£0	£0	£0	£0	£0	£0	£0	£0	£342,932	£1,116,899	£1,116,774	£1,116,647	£1,116,516	£1,116,383	£1,116,246	**£7,042,396**
Total Capital / Lifecycle Costs	£721,855	£721,855	£662,046	£661,936	£661,823	£661,708	£661,590	£661,470	£661,348	£1,004,155	£1,777,996	£1,181,198	£1,182,359	£1,183,543	£1,184,750	£1,185,980	£14,053,758
Surplus / (Subsidy) incl capital & lifecycle	**-£912,017**	**-£992,738**	**-£1,017,212**	**-£1,101,300**	**-£1,185,386**	**-£1,269,556**	**-£1,353,893**	**-£1,438,483**	**-£1,523,412**	**-£1,951,699**	**-£2,811,537**	**-£1,909,463**	**-£1,525,183**	**-£1,125,217**	**-£1,125,257**	**-£1,125,298**	**-£21,455,634**

Essential - External Procured Operator (baseline)
15 Year Income and Expenditure Summary

Annual inflation rate	2%		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
	New Facility Baseline		Year 1 2021/22	Year 2 2022/23	Year 3 2023/24	Year 4 2024/25	Year 5 2025/26	Year 6 2026/27	Year 7 2027/28	Year 8 2028/29	Year 9 2029/30	Year 10 2030/31	Year 11 2031/32	Year 12 2032/33	Year 13 2033/34	Year 14 2034/35	Year 15 2035/36	Total
Income			RFSC - LATC	RFSC - LATC	RFSC - LATC	70%	85%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
H&F	£1,519,477		£622,499	£603,202	£584,503	£1,128,737	£1,398,021	£1,677,626	£1,711,178	£1,745,402	£1,780,310	£1,815,916	£1,852,234	£1,889,279	£1,927,064	£1,965,606	£2,004,918	**£22,706,494**
Studios	£165,880		£33,146	£32,118	£31,123	£123,223	£152,621	£183,145	£186,808	£190,544	£194,355	£198,242	£202,207	£206,251	£210,376	£214,583	£218,875	**£2,377,617**
Swimming	£1,020,373		£591,052	£572,729	£554,975	£757,979	£938,812	£1,126,574	£1,149,105	£1,172,088	£1,195,529	£1,219,440	£1,243,829	£1,268,705	£1,294,079	£1,319,961	£1,346,360	**£15,751,218**
Sports Hall	£0		£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	**£0**
Health Suite	£37,274		£11,911	£11,541	£11,184	£27,689	£34,294	£41,153	£41,976	£42,816	£43,672	£44,546	£45,437	£46,345	£47,272	£48,218	£49,182	**£547,236**
Café & Vending	£215,517		£38,451	£37,259	£36,104	£160,096	£198,290	£237,949	£242,708	£247,562	£252,513	£257,563	£262,714	£267,969	£273,328	£278,795	£284,371	**£3,075,672**
Soft Play	£0		£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	**£0**
Clip n Climb	£0		£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	**£0**
Other	£0		£76,069	£73,711	£71,426	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	**£221,207**
Income Total	**£2,958,521**		**£1,373,128**	**£1,330,561**	**£1,289,314**	**£2,197,724**	**£2,722,039**	**£3,266,446**	**£3,331,775**	**£3,398,411**	**£3,466,379**	**£3,535,707**	**£3,606,421**	**£3,678,549**	**£3,752,120**	**£3,827,163**	**£3,903,706**	**£44,679,443**
Expenditure			RFSC - LATC	RFSC - LATC	RFSC - LATC	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
Staffing	£1,275,034		£934,293	£952,979	£972,039	£1,353,076	£1,380,138	£1,407,741	£1,435,895	£1,464,613	£1,493,906	£1,523,784	£1,554,259	£1,585,345	£1,617,051	£1,649,392	£1,682,380	**£21,006,891**
Repair and Maintenance	£105,700		£56,835	£59,421	£62,125	£112,170	£114,413	£116,701	£119,035	£121,416	£123,844	£126,321	£128,848	£131,425	£134,053	£136,734	£139,469	**£1,682,812**
Water & Utilities	£147,651		£182,310	£190,606	£199,278	£156,688	£159,822	£163,019	£166,279	£169,605	£172,997	£176,457	£179,986	£183,585	£187,257	£191,002	£194,822	**£2,673,713**
Equipment	£14,793		£14,383	£14,671	£14,964	£15,698	£16,012	£16,332	£16,659	£16,992	£17,332	£17,679	£18,032	£18,393	£18,761	£19,136	£19,519	**£254,562**
Cost of Sales	£107,759	50%	£34,516	£35,206	£35,910	£80,048	£99,145	£118,974	£121,354	£123,781	£126,256	£128,782	£131,357	£133,984	£136,664	£139,397	£142,185	**£1,587,560**
Cleaning	£29,585		£71,361	£74,608	£78,003	£31,396	£32,024	£32,664	£33,318	£33,984	£34,664	£35,357	£36,064	£36,785	£37,521	£38,272	£39,037	**£645,059**
Marketing	£59,170		£0	£0	£0	£62,792	£64,048	£65,329	£66,636	£67,968	£69,328	£70,714	£72,128	£73,571	£75,042	£76,543	£78,074	**£842,174**
Insurance	£29,585		£17,999	£18,359	£18,726	£31,396	£32,024	£32,664	£33,318	£33,984	£34,664	£35,357	£36,064	£36,785	£37,521	£38,272	£39,037	**£476,171**
IT / Admin / Legals / Licenses	£59,170		£9,254	£9,439	£9,628	£62,792	£64,048	£65,329	£66,636	£67,968	£69,328	£70,714	£72,128	£73,571	£75,042	£76,543	£78,074	**£870,495**
Irrecoverable VAT	£221,889		£23,410	£23,878	£24,356	£235,470	£240,180	£244,983	£249,883	£254,881	£259,978	£265,178	£270,482	£275,891	£281,409	£287,037	£292,778	**£3,229,795**
Capital Equipment replacement fund	£54,350		£35,963	£37,600	£39,310	£57,677	£58,830	£60,007	£61,207	£62,431	£63,680	£64,953	£66,252	£67,577	£68,929	£70,308	£71,714	**£886,438**
Expenditure Total	**£2,104,687**		**£1,380,325**	**£1,416,767**	**£1,454,339**	**£2,199,204**	**£2,260,684**	**£2,323,744**	**£2,370,219**	**£2,417,623**	**£2,465,976**	**£2,515,295**	**£2,565,601**	**£2,616,913**	**£2,669,252**	**£2,722,637**	**£2,777,089**	**£34,155,669**
Operational Surplus / (Subsidy)	**£853,835**		**-£7,197**	**-£86,205**	**-£165,025**	**-£1,480**	**£461,354**	**£942,702**	**£961,556**	**£980,787**	**£1,000,403**	**£1,020,411**	**£1,040,820**	**£1,061,636**	**£1,082,869**	**£1,104,526**	**£1,126,617**	**£10,523,775**
Other Costs			RFSC - LATC	RFSC - LATC	RFSC - LATC													
NNDR			£46,876	£47,814	£48,770	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	**£143,460**
Support Services	£177,511	6%	£216,810	£221,146	£225,569	£131,863	£163,322	£195,987	£199,907	£203,905	£207,983	£212,142	£216,385	£220,713	£225,127	£229,630	£234,222	**£3,104,711**
Operator Profit	£177,511	6%	£0	£0	£0	£131,863	£163,322	£195,987	£199,907	£203,905	£207,983	£212,142	£216,385	£220,713	£225,127	£229,630	£234,222	**£2,441,186**
Total Other Costs	**£355,023**		**£263,686**	**£268,960**	**£274,339**	**£263,727**	**£326,645**	**£391,974**	**£399,813**	**£407,809**	**£415,965**	**£424,285**	**£432,770**	**£441,426**	**£450,254**	**£459,260**	**£468,445**	**£5,689,357**
Total Surplus / (Subsidy)	**£498,812**		**-£270,883**	**-£355,165**	**-£439,364**	**-£265,207**	**£134,710**	**£550,729**	**£561,743**	**£572,978**	**£584,438**	**£596,126**	**£608,049**	**£620,210**	**£632,614**	**£645,266**	**£658,172**	**£4,834,417**
Capital / Lifecycle Costs			RFSC - LATC	RFSC - LATC	RFSC - LATC													
Lifecycle / Condition Survey Costs	£52,850		£0	£0	£0	£56,085	£57,207	£58,351	£59,518	£60,708	£61,922	£63,161	£64,424	£65,712	£67,027	£68,367	£69,734	**£752,215**
Build Cost Capital Repayments			£0	£297,875	£970,155	£970,046	£969,935	£969,822	£969,706	£969,587	£969,465	£969,340	£969,213	£969,082	£968,948	£968,811	£968,671	**£12,900,657**
Total Capital / Lifecycle Costs	**£52,850**		**£0**	**£297,875**	**£970,155**	**£1,026,131**	**£1,027,142**	**£1,028,173**	**£1,029,224**	**£1,030,295**	**£1,031,387**	**£1,032,501**	**£1,033,637**	**£1,034,794**	**£1,035,975**	**£1,037,178**	**£1,038,405**	**£13,652,872**
Surplus / (Subsidy) incl capital & lifecycle	**£445,962**		**-£270,883**	**-£653,040**	**-£1,409,518**	**-£1,291,338**	**-£892,432**	**-£477,444**	**-£467,480**	**-£457,317**	**-£446,950**	**-£436,375**	**-£425,588**	**-£414,584**	**-£403,361**	**-£391,912**	**-£380,233**	**-£8,818,454**

Essential - LATC

15 Year Income and Expenditure Summary

Annual inflation rate	2%		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
	LATC vs External Operator		Year 1 2021/22	Year 2 2022/23	Year 3 2023/24	Year 4 2024/25	Year 5 2025/26	Year 6 2026/27	Year 7 2027/28	Year 8 2028/29	Year 9 2029/30	Year 10 2030/31	Year 11 2031/32	Year 12 2032/33	Year 13 2033/34	Year 14 2034/35	Year 15 2035/36	Total
Income	***Assumptions***		RFSC - LATC	RFSC - LATC	RFSC - LATC	70%	85%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
H&F	-10%		£622,499	£603,202	£584,503	£1,015,863	£1,258,219	£1,509,863	£1,540,060	£1,570,862	£1,602,279	£1,634,324	£1,667,011	£1,700,351	£1,734,358	£1,769,045	£1,804,426	**£20,616,865**
Studios	-10%		£33,146	£32,118	£31,123	£110,901	£137,359	£164,830	£168,127	£171,490	£174,919	£178,418	£181,986	£185,626	£189,338	£193,125	£196,988	**£2,149,494**
Swimming	-10%		£591,052	£572,729	£554,975	£682,181	£844,931	£1,013,917	£1,034,195	£1,054,879	£1,075,976	£1,097,496	£1,119,446	£1,141,835	£1,164,671	£1,187,965	£1,211,724	**£14,347,972**
Sports Hall	-10%		£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	**£0**
Health Suite	-10%		£11,911	£11,541	£11,184	£24,920	£30,865	£37,038	£37,779	£38,534	£39,305	£40,091	£40,893	£41,711	£42,545	£43,396	£44,264	**£495,976**
Café & Vending	-10%		£38,451	£37,259	£36,104	£144,087	£178,461	£214,154	£218,437	£222,806	£227,262	£231,807	£236,443	£241,172	£245,995	£250,915	£255,934	**£2,779,286**
Soft Play	-10%		£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	**£0**
Clip n Climb	-10%		£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	**£0**
Other	-10%		£76,069	£73,711	£71,426	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	**£221,207**
Income Total			**£1,373,128**	**£1,330,561**	**£1,289,314**	**£1,977,952**	**£2,449,835**	**£2,939,802**	**£2,998,598**	**£3,058,570**	**£3,119,741**	**£3,182,136**	**£3,245,779**	**£3,310,694**	**£3,376,908**	**£3,444,446**	**£3,513,335**	**£40,610,799**
* 10% reduction (rather than 5% on current baseline) applied based on multi-site external operator rather than single contract trust																		
Expenditure	***Assumptions***		RFSC - LATC	RFSC - LATC	RFSC - LATC	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
Staffing	0%		£934,293	£952,979	£972,039	£1,353,076	£1,380,138	£1,407,741	£1,435,895	£1,464,613	£1,493,906	£1,523,784	£1,554,259	£1,585,345	£1,617,051	£1,649,392	£1,682,380	**£21,006,891**
Repair and Maintenance	10%		£56,835	£59,421	£62,125	£123,387	£125,854	£128,371	£130,939	£133,558	£136,229	£138,953	£141,732	£144,567	£147,458	£150,408	£153,416	**£1,833,255**
Water & Utilities	10%		£182,310	£190,606	£199,278	£172,357	£175,804	£179,320	£182,907	£186,565	£190,296	£194,102	£197,984	£201,944	£205,983	£210,103	£214,305	**£2,883,865**
Equipment	10%		£14,383	£14,671	£14,964	£17,268	£17,613	£17,965	£18,325	£18,691	£19,065	£19,446	£19,835	£20,232	£20,637	£21,049	£21,470	**£275,616**
Cost of Sales	10%		£34,516	£35,206	£35,910	£88,053	£109,060	£130,872	£133,489	£136,159	£138,882	£141,660	£144,493	£147,383	£150,330	£153,337	£156,404	**£1,735,753**
Cleaning	10%		£71,361	£74,608	£78,003	£34,536	£35,226	£35,931	£36,650	£37,383	£38,130	£38,893	£39,671	£40,464	£41,273	£42,099	£42,941	**£687,167**
Marketing	10%		£0	£0	£0	£69,071	£70,453	£71,862	£73,299	£74,765	£76,260	£77,786	£79,341	£80,928	£82,547	£84,198	£85,882	**£926,391**
Insurance	0%		£17,999	£18,359	£18,726	£31,396	£32,024	£32,664	£33,318	£33,984	£34,664	£35,357	£36,064	£36,785	£37,521	£38,272	£39,037	**£476,171**
IT / Admin / Legals / Licenses	10%		£9,254	£9,439	£9,628	£69,071	£70,453	£71,862	£73,299	£74,765	£76,260	£77,786	£79,341	£80,928	£82,547	£84,198	£85,882	**£954,712**
Irrecoverable VAT	0%		£23,410	£23,878	£24,356	£235,470	£240,180	£244,983	£249,883	£254,881	£259,978	£265,178	£270,482	£275,891	£281,409	£287,037	£292,778	**£3,229,795**
Capital Equipment replacement fund	10%		£35,963	£37,600	£39,310	£63,444	£64,713	£66,007	£67,328	£68,674	£70,048	£71,449	£72,878	£74,335	£75,822	£77,338	£78,885	**£963,794**
Expenditure Total			**£1,380,325**	**£1,416,767**	**£1,454,339**	**£2,257,130**	**£2,321,519**	**£2,387,580**	**£2,435,331**	**£2,484,038**	**£2,533,719**	**£2,584,393**	**£2,636,081**	**£2,688,803**	**£2,742,579**	**£2,797,430**	**£2,853,379**	**£34,973,411**
Operational Surplus / (Subsidy)			**-£7,197**	**-£86,205**	**-£165,025**	**-£279,178**	**£128,316**	**£552,222**	**£563,267**	**£574,532**	**£586,022**	**£597,743**	**£609,698**	**£621,892**	**£634,330**	**£647,016**	**£659,957**	**£5,637,389**
Other Costs	% of income		RFSC - LATC	RFSC - LATC	RFSC - LATC													
NNDR*	£46,876	####	£46,876	£47,814	£48,770	£58,127	£59,290	£60,476	£61,685	£62,919	£64,177	£65,461	£66,770	£68,105	£69,468	£70,857	£72,274	**£923,069**
Support Services	15%		£216,810	£221,146	£225,569	£296,693	£367,475	£440,970	£449,790	£458,785	£467,961	£477,320	£486,867	£496,604	£506,536	£516,667	£527,000	**£6,156,194**
Operator Profit	0%		£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	**£0**
Total Other Costs			**£263,686**	**£268,960**	**£274,339**	**£354,820**	**£426,765**	**£501,446**	**£511,475**	**£521,704**	**£532,138**	**£542,781**	**£553,637**	**£564,710**	**£576,004**	**£587,524**	**£599,274**	**£7,079,263**
* Increased for new facility based on comparative SQM																		
Total Surplus / (Subsidy)			**-£270,883**	**-£355,165**	**-£439,364**	**-£633,998**	**-£298,449**	**£50,776**	**£51,792**	**£52,828**	**£53,884**	**£54,962**	**£56,061**	**£57,182**	**£58,326**	**£59,492**	**£60,682**	**-£1,441,874**
Capital / Lifecycle Costs																		
Lifecycle / Condition Survey Costs	0%		£0	£0	£0	£56,085	£57,207	£58,351	£59,518	£60,708	£61,922	£63,161	£64,424	£65,712	£67,027	£68,367	£69,734	**£752,215**
Build Cost Capital Repayments	0%		£0	£297,875	£970,155	£970,046	£969,935	£969,822	£969,706	£969,587	£969,465	£969,340	£969,213	£969,082	£968,948	£968,811	£968,671	**£12,900,657**
Total Capital / Lifecycle Costs			**£0**	**£297,875**	**£970,155**	**£1,026,131**	**£1,027,142**	**£1,028,173**	**£1,029,224**	**£1,030,295**	**£1,031,387**	**£1,032,501**	**£1,033,637**	**£1,034,794**	**£1,035,975**	**£1,037,178**	**£1,038,405**	**£13,652,872**
Surplus / (Subsidy) incl capital & lifecycle			**-£270,883**	**-£653,040**	**-£1,409,518**	**-£1,660,129**	**-£1,325,591**	**-£977,397**	**-£977,432**	**-£977,467**	**-£977,503**	**-£977,539**	**-£977,576**	**-£977,612**	**-£977,649**	**-£977,686**	**-£977,723**	**-£15,094,746**

Optimal - External Procured Operator (baseline)
15 Year Income and Expenditure Summary

Annual inflation rate	2%																		
	New Facility Baseline		**Year 1 2021/22**	**Year 2 2022/23**	**Year 3 2023/24**	**Year 4 2024/25**	**Year 5 2025/26**	**Year 6 2026/27**	**Year 7 2027/28**	**Year 8 2028/29**	**Year 9 2029/30**	**Year 10 2030/31**	**Year 11 2031/32**	**Year 12 2032/33**	**Year 13 2033/34**	**Year 14 2034/35**	**Year 15 2035/36**	**Total**
Income			RFSC - LATC	RFSC - LATC	RFSC - LATC	70%	85%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
H&F	£1,772,723		£622,499	£603,202	£584,503	£1,316,860	£1,631,025	£1,957,230	£1,996,374	£2,036,302	£2,077,028	£2,118,569	£2,160,940	£2,204,159	£2,248,242	£2,293,207	£2,339,071	**£26,189,210**
Studios	£208,560		£33,146	£32,118	£31,123	£154,928	£191,889	£230,267	£234,872	£239,570	£244,361	£249,249	£254,233	£259,318	£264,505	£269,795	£275,190	**£2,964,564**
Swimming	£1,580,897		£591,052	£572,729	£554,975	£1,174,363	£1,454,532	£1,745,438	£1,780,347	£1,815,954	£1,852,273	£1,889,319	£1,927,105	£1,965,647	£2,004,960	£2,045,059	£2,085,961	**£23,459,715**
Sports Hall	£75,060		£0	£0	£0	£55,758	£69,060	£82,873	£84,530	£86,221	£87,945	£89,704	£91,498	£93,328	£95,194	£97,098	£99,040	**£1,032,249**
Health Suite	£83,151		£11,911	£11,541	£11,184	£61,768	£76,504	£91,805	£93,641	£95,514	£97,424	£99,373	£101,360	£103,388	£105,455	£107,564	£109,716	**£1,178,150**
Café & Vending	£348,357		£38,451	£37,259	£36,104	£258,775	£320,512	£384,614	£392,306	£400,152	£408,155	£416,319	£424,645	£433,138	£441,801	£450,637	£459,649	**£4,902,518**
Soft Play	£135,780		£0	£0	£0	£100,864	£124,927	£149,912	£152,910	£155,969	£159,088	£162,270	£165,515	£168,825	£172,202	£175,646	£179,159	**£1,867,286**
Clip n Climb	£173,488		£0	£0	£0	£128,875	£159,621	£191,545	£195,376	£199,283	£203,269	£207,334	£211,481	£215,711	£220,025	£224,425	£228,914	**£2,385,857**
Other	£0		£76,069	£73,711	£71,426	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	**£221,207**
Income Total	**£4,378,017**		**£1,373,128**	**£1,330,561**	**£1,289,314**	**£3,252,190**	**£4,028,070**	**£4,833,684**	**£4,930,358**	**£5,028,965**	**£5,129,544**	**£5,232,135**	**£5,336,778**	**£5,443,513**	**£5,552,384**	**£5,663,431**	**£5,776,700**	**£64,200,755**
Expenditure			RFSC - LATC	RFSC - LATC	RFSC - LATC	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
Staffing	£1,690,512		£934,293	£952,979	£972,039	£1,793,985	£1,829,865	£1,866,462	£1,903,791	£1,941,867	£1,980,704	£2,020,318	£2,060,725	£2,101,939	£2,143,978	£2,186,858	£2,230,595	**£26,920,397**
Repair and Maintenance	£156,300		£56,835	£59,421	£62,125	£165,867	£169,184	£172,568	£176,019	£179,540	£183,130	£186,793	£190,529	£194,339	£198,226	£202,191	£206,235	**£2,403,002**
Water & Utilities	£223,980		£182,310	£190,606	£199,278	£237,689	£242,443	£247,292	£252,238	£257,283	£262,428	£267,677	£273,030	£278,491	£284,061	£289,742	£295,537	**£3,760,105**
Equipment	£21,890		£14,383	£14,671	£14,964	£23,230	£23,695	£24,168	£24,652	£25,145	£25,648	£26,161	£26,684	£27,218	£27,762	£28,317	£28,883	**£355,581**
Cost of Sales	£174,178	50%	£34,516	£35,206	£35,910	£129,388	£160,256	£192,307	£196,153	£200,076	£204,078	£208,159	£212,322	£216,569	£220,900	£225,318	£229,825	**£2,500,983**
Cleaning	£43,780		£71,361	£74,608	£78,003	£46,460	£47,389	£48,337	£49,304	£50,290	£51,295	£52,321	£53,368	£54,435	£55,524	£56,634	£57,767	**£847,096**
Marketing	£87,560		£0	£0	£0	£92,920	£94,778	£96,674	£98,607	£100,579	£102,591	£104,643	£106,736	£108,870	£111,048	£113,269	£115,534	**£1,246,248**
Insurance	£43,780		£17,999	£18,359	£18,726	£46,460	£47,389	£48,337	£49,304	£50,290	£51,295	£52,321	£53,368	£54,435	£55,524	£56,634	£57,767	**£678,208**
IT / Admin / Legals / Licenses	£87,560		£9,254	£9,439	£9,628	£92,920	£94,778	£96,674	£98,607	£100,579	£102,591	£104,643	£106,736	£108,870	£111,048	£113,269	£115,534	**£1,274,569**
Irrecoverable VAT	£328,351		£23,410	£23,878	£24,356	£348,449	£355,418	£362,526	£369,777	£377,172	£384,716	£392,410	£400,258	£408,263	£416,429	£424,757	£433,252	**£4,745,072**
Capital Equipment replacement fund	£60,783		£35,963	£37,600	£39,310	£64,504	£65,794	£67,110	£68,452	£69,821	£71,217	£72,642	£74,095	£75,576	£77,088	£78,630	£80,202	**£978,004**
Expenditure Total	**£2,918,676**		**£1,380,325**	**£1,416,767**	**£1,454,339**	**£3,041,871**	**£3,130,988**	**£3,222,454**	**£3,286,903**	**£3,352,641**	**£3,419,694**	**£3,488,088**	**£3,557,850**	**£3,629,007**	**£3,701,587**	**£3,775,619**	**£3,851,131**	**£45,709,264**
Operational Surplus / (Subsidy)	**£1,459,341**		**-£7,197**	**-£86,205**	**-£165,025**	**£210,320**	**£897,082**	**£1,611,230**	**£1,643,454**	**£1,676,324**	**£1,709,850**	**£1,744,047**	**£1,778,928**	**£1,814,506**	**£1,850,797**	**£1,887,813**	**£1,925,569**	**£18,491,491**
Other Costs			RFSC - LATC	RFSC - LATC	RFSC - LATC													
NNDR			£46,876	£47,814	£48,770	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	**£143,460**
Support Services	£262,681	6%	£216,810	£221,146	£225,569	£195,131	£241,684	£290,021	£295,821	£301,738	£307,773	£313,928	£320,207	£326,611	£333,143	£339,806	£346,602	**£4,275,990**
Operator Profit	£262,681	6%	£0	£0	£0	£195,131	£241,684	£290,021	£295,821	£301,738	£307,773	£313,928	£320,207	£326,611	£333,143	£339,806	£346,602	**£3,612,465**
Total Other Costs	**£525,362**		**£263,686**	**£268,960**	**£274,339**	**£390,263**	**£483,368**	**£580,042**	**£591,643**	**£603,476**	**£615,545**	**£627,856**	**£640,413**	**£653,222**	**£666,286**	**£679,612**	**£693,204**	**£8,031,915**
Total Surplus / (Subsidy)	**£933,979**		**-£270,883**	**-£355,165**	**-£439,364**	**-£179,943**	**£413,713**	**£1,031,188**	**£1,051,812**	**£1,072,848**	**£1,094,305**	**£1,116,191**	**£1,138,515**	**£1,161,285**	**£1,184,511**	**£1,208,201**	**£1,232,365**	**£10,459,577**
Capital / Lifecycle Costs			RFSC - LATC	RFSC - LATC	RFSC - LATC													
Lifecycle / Condition Survey Costs	£78,150		£0	£0	£0	£82,933	£84,592	£86,284	£88,010	£89,770	£91,565	£93,396	£95,264	£97,170	£99,113	£101,095	£103,117	**£1,112,310**
Build Cost Capital Repayments			£0	£433,321	£1,411,291	£1,411,134	£1,410,972	£1,410,807	£1,410,638	£1,410,465	£1,410,288	£1,410,107	£1,409,921	£1,409,731	£1,409,536	£1,409,337	£1,409,133	**£18,766,681**
Total Capital / Lifecycle Costs	**£78,150**		**£0**	**£433,321**	**£1,411,291**	**£1,494,067**	**£1,495,564**	**£1,497,091**	**£1,498,648**	**£1,500,235**	**£1,501,853**	**£1,503,503**	**£1,505,185**	**£1,506,900**	**£1,508,649**	**£1,510,432**	**£1,512,250**	**£19,878,991**
Surplus / (Subsidy) incl capital & lifecycle	**£855,829**		**-£270,883**	**-£788,486**	**-£1,850,655**	**-£1,674,010**	**-£1,081,851**	**-£465,903**	**-£446,836**	**-£427,387**	**-£407,549**	**-£387,312**	**-£366,671**	**-£345,616**	**-£324,139**	**-£302,231**	**-£279,885**	**-£9,419,414**

Optimal - LATC
15 Year Income and Expenditure Summary
Annual inflation rate 2%

	LATC vs External Operator	Year 1 2021/22	Year 2 2022/23	Year 3 2023/24	Year 4 2024/25	Year 5 2025/26	Year 6 2026/27	Year 7 2027/28	Year 8 2028/29	Year 9 2029/30	Year 10 2030/31	Year 11 2031/32	Year 12 2032/33	Year 13 2033/34	Year 14 2034/35	Year 15 2035/36	Total
Income	***Assumptions***	RFSC - LATC	RFSC - LATC	RFSC - LATC	70%	85%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
H&F	-10%	£622,499	£603,202	£584,503	£1,185,174	£1,467,922	£1,761,507	£1,796,737	£1,832,672	£1,869,325	£1,906,712	£1,944,846	£1,983,743	£2,023,418	£2,063,886	£2,105,164	**£23,751,309**
Studios	-10%	£33,146	£32,118	£31,123	£139,435	£172,700	£207,240	£211,385	£215,613	£219,925	£224,324	£228,810	£233,386	£238,054	£242,815	£247,671	**£2,677,747**
Swimming	-10%	£591,052	£572,729	£554,975	£1,056,926	£1,309,079	£1,570,895	£1,602,313	£1,634,359	£1,667,046	£1,700,387	£1,734,395	£1,769,082	£1,804,464	£1,840,553	£1,877,364	**£21,285,619**
Sports Hall	-10%	£0	£0	£0	£50,182	£62,154	£74,585	£76,077	£77,599	£79,150	£80,733	£82,348	£83,995	£85,675	£87,389	£89,136	**£929,024**
Health Suite	-10%	£11,911	£11,541	£11,184	£55,591	£68,854	£82,625	£84,277	£85,963	£87,682	£89,436	£91,224	£93,049	£94,910	£96,808	£98,744	**£1,063,798**
Café & Vending	-10%	£38,451	£37,259	£36,104	£232,898	£288,461	£346,153	£353,076	£360,137	£367,340	£374,687	£382,180	£389,824	£397,621	£405,573	£413,684	**£4,423,447**
Soft Play	-10%	£0	£0	£0	£90,777	£112,434	£134,921	£137,619	£140,372	£143,179	£146,043	£148,964	£151,943	£154,982	£158,081	£161,243	**£1,680,557**
Clip n Climb	-10%	£0	£0	£0	£115,987	£143,659	£172,390	£175,838	£179,355	£182,942	£186,601	£190,333	£194,139	£198,022	£201,983	£206,022	**£2,147,272**
Other	-10%	£76,069	£73,711	£71,426	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	**£221,207**
Income Total		**£1,373,128**	**£1,330,561**	**£1,289,314**	**£2,926,971**	**£3,625,263**	**£4,350,316**	**£4,437,322**	**£4,526,068**	**£4,616,590**	**£4,708,922**	**£4,803,100**	**£4,899,162**	**£4,997,145**	**£5,097,088**	**£5,199,030**	**£58,179,980**
* 10% reduction (rather than 5% on current baseline) applied based on multi-site external operator rather than single contract trust																	
Expenditure	***Assumptions***	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
Staffing	0%	£934,293	£952,979	£972,039	£1,793,985	£1,829,865	£1,866,462	£1,903,791	£1,941,867	£1,980,704	£2,020,318	£2,060,725	£2,101,939	£2,143,978	£2,186,858	£2,230,595	**£26,920,397**
Repair and Maintenance	10%	£56,835	£59,421	£62,125	£182,453	£186,103	£189,825	£193,621	£197,494	£201,443	£205,472	£209,582	£213,773	£218,049	£222,410	£226,858	**£2,625,464**
Water & Utilities	10%	£182,310	£190,606	£199,278	£261,458	£266,687	£272,021	£277,462	£283,011	£288,671	£294,445	£300,333	£306,340	£312,467	£318,716	£325,091	**£4,078,896**
Equipment	10%	£14,383	£14,671	£14,964	£25,553	£26,064	£26,585	£27,117	£27,659	£28,212	£28,777	£29,352	£29,939	£30,538	£31,149	£31,772	**£386,737**
Cost of Sales	10%	£34,516	£35,206	£35,910	£142,326	£176,281	£211,538	£215,768	£220,084	£224,486	£228,975	£233,555	£238,226	£242,990	£247,850	£252,807	**£2,740,518**
Cleaning	10%	£71,361	£74,608	£78,003	£51,106	£52,128	£53,171	£54,234	£55,319	£56,425	£57,553	£58,705	£59,879	£61,076	£62,298	£63,544	**£909,408**
Marketing	10%	£0	£0	£0	£102,212	£104,256	£106,341	£108,468	£110,637	£112,850	£115,107	£117,409	£119,757	£122,152	£124,595	£127,087	**£1,370,872**
Insurance	0%	£17,999	£18,359	£18,726	£46,460	£47,389	£48,337	£49,304	£50,290	£51,295	£52,321	£53,368	£54,435	£55,524	£56,634	£57,767	**£678,208**
IT / Admin / Legals / Licenses	10%	£9,254	£9,439	£9,628	£102,212	£104,256	£106,341	£108,468	£110,637	£112,850	£115,107	£117,409	£119,757	£122,152	£124,595	£127,087	**£1,399,193**
Irrecoverable VAT	0%	£23,410	£23,878	£24,356	£348,449	£355,418	£362,526	£369,777	£377,172	£384,716	£392,410	£400,258	£408,263	£416,429	£424,757	£433,252	**£4,745,072**
Capital Equipment replacement fund	10%	£35,963	£37,600	£39,310	£70,954	£72,373	£73,821	£75,297	£76,803	£78,339	£79,906	£81,504	£83,134	£84,797	£86,493	£88,223	**£1,064,517**
Expenditure Total		**£1,380,325**	**£1,416,767**	**£1,454,339**	**£3,127,168**	**£3,220,820**	**£3,316,967**	**£3,383,306**	**£3,450,973**	**£3,519,992**	**£3,590,392**	**£3,662,200**	**£3,735,444**	**£3,810,153**	**£3,886,356**	**£3,964,083**	**£46,919,283**
Operational Surplus / (Subsidy)		**-£7,197**	**-£86,205**	**-£165,025**	**-£200,197**	**£404,443**	**£1,033,349**	**£1,054,015**	**£1,075,096**	**£1,096,598**	**£1,118,530**	**£1,140,900**	**£1,163,718**	**£1,186,993**	**£1,210,732**	**£1,234,947**	**£11,260,697**
Other Costs	% of income	RFSC - LATC	RFSC - LATC	RFSC - LATC													
NNDR*	£46,876 177%	£46,876	£47,814	£48,770	£88,177	£89,940	£91,739	£93,574	£95,445	£97,354	£99,301	£101,287	£103,313	£105,379	£107,487	£109,636	**£1,326,092**
Support Services	15%	£216,810	£221,146	£225,569	£439,046	£543,789	£652,547	£665,598	£678,910	£692,488	£706,338	£720,465	£734,874	£749,572	£764,563	£779,854	**£8,791,571**
Operator Profit	0%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	**£0**
Total Other Costs		**£263,686**	**£268,960**	**£274,339**	**£527,222**	**£633,730**	**£744,286**	**£759,172**	**£774,355**	**£789,842**	**£805,639**	**£821,752**	**£838,187**	**£854,951**	**£872,050**	**£889,491**	**£10,117,663**
* Increased for new facility based on comparative SQM																	
Total Surplus / (Subsidy)		**-£270,883**	**-£355,165**	**-£439,364**	**-£727,419**	**-£229,287**	**£289,062**	**£294,844**	**£300,740**	**£306,755**	**£312,890**	**£319,148**	**£325,531**	**£332,042**	**£338,683**	**£345,456**	**£1,143,034**
Capital / Lifecycle Costs		RFSC - LATC	RFSC - LATC	RFSC - LATC													
Lifecycle / Condition Survey Costs	0%	£0	£0	£0	£82,933	£84,592	£86,284	£88,010	£89,770	£91,565	£93,396	£95,264	£97,170	£99,113	£101,095	£103,117	**£1,112,310**
Build Cost Capital Repayments	0%	£0	£433,321	£1,411,291	£1,411,134	£1,410,972	£1,410,807	£1,410,638	£1,410,465	£1,410,288	£1,410,107	£1,409,921	£1,409,731	£1,409,536	£1,409,337	£1,409,133	**£18,766,681**
Total Capital / Lifecycle Costs		**£0**	**£433,321**	**£1,411,291**	**£1,494,067**	**£1,495,564**	**£1,497,091**	**£1,498,648**	**£1,500,235**	**£1,501,853**	**£1,503,503**	**£1,505,185**	**£1,506,900**	**£1,508,649**	**£1,510,432**	**£1,512,250**	**£19,878,991**
Surplus / (Subsidy) incl capital & lifecycle		**-£270,883**	**-£788,486**	**-£1,850,655**	**-£2,221,486**	**-£1,724,851**	**-£1,208,029**	**-£1,203,804**	**-£1,199,495**	**-£1,195,098**	**-£1,190,613**	**-£1,186,037**	**-£1,181,369**	**-£1,176,607**	**-£1,171,749**	**-£1,166,794**	**-£18,735,957**

11. Appendix D: Stage 1 Options Appraisal Report

Provided as separate document

Peterborough Investment Partnership

Head Office

The Sport, Leisure and Culture Consultancy
Freshmill, Delta House, 16 Bridge Road, Haywards Heath
West Sussex, RH16 1UA, United Kingdom

01444 459927

info@slc.uk.com

www.slc.uk.com

September 2020

This report has been written by The Sport, Leisure and Culture Consultancy (SLC).
SLC was established in 2009 and advises organisations by developing effective strategies, planning sustainable facilities and enabling successful operational partnerships.

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CABINET	**AGENDA ITEM No. 8**
30 NOVEMBER 2020	**PUBLIC REPORT**

Cabinet Member(s) responsible:	Cllr David Seaton, Cabinet Member for Finance	
Contact Officer(s):	Peter Carpenter, Acting Director of Corporate Resources Kirsty Nutton, Head of Corporate Finance	Tel. 452520 Tel. 384590

BUDGET CONTROL REPORT OCTOBER 2020

RECOMMENDATIONS	
FROM: Acting Director of Corporate Resources	**Deadline date: 20 November 2020**

It is recommended that Cabinet notes:

1. The Budgetary Control position for 2020/21 as at 31 October 2020 is a forecast overspend of £5.6m against budget. This includes the current estimated impact of C-19 and the additional C-19 response funding.
2. Included in this report is a forecast £38.1m of additional pressure due to C-19, as reported to the Ministry of Housing Communities and Local Government, within the October return, as outlined in section 4.
3. The reduction in collection rates in respect of Council Tax and National Non-Domestic Rates, in comparison to the levels achieved in 2019/20, as outlined in section 4;
4. The additional funding that has been made available to the Council and businesses as a result of the national lockdown, as outlined in section 4;
5. The key variance analysis and explanations are contained in Appendix A;
6. The Council's reserves position, as outlined within Appendix A.

1. ORIGIN OF THE REPORT

1.1. This report is submitted to Cabinet following discussion by the Corporate Management Team (CMT).

2. PURPOSE AND REASON FOR REPORT

2.1. This report is for Cabinet to consider under its Terms of Reference No. 3.2.7 'To be responsible for the Council's overall budget and determine action required to ensure that the overall budget remains within the total cash limit'.

2.2. This report provides Cabinet with the forecast for 2020/21 as at October 2020 budgetary control position.

3. TIMESCALE

Is this a Major Policy Item/ Statutory Plan	**NO**	If yes, date for Cabinet meeting	**N/A**

4. OCTOBER 2020 BUDGETARY CONTROL REPORT (BCR)- REVENUE

4.1. The revenue budget for 2020/21, agreed at Full Council on 4 March 2020, was approved at £163.743m. The following table outlines the changes which have been made to the budget to arrive at the revised budget of £167.770m:

	£m
Approved Budget 2020/21	163.743
Use of reserves per MTFS	1.510
Capitalisation Direction	1.217
Integrated Community Strategy Reserve contribution: P&C-Cohesion and Integration	1.180
Capacity Reserve Contribution: ICT & Resources - committed transformation costs	0.120
Revised Budget 2020/21	**167.770**

4.2. The following table outlines a summary of the budgetary control position, within each directorate. The Council is currently reporting a projected overspend of £5.6m, a £1.3m (30%) increase compared with the September forecast outturn. This position includes the additional financial pressures and funding as a result of C-19 activities as of October.

Directorate	**Budget £k**	**Forecast Spend £k**	**Variance £k**	**Previous Month Variance £k**	**Movement £k**	**Overall Status**
Chief Executives	1,291	1,284	(7)	(1)	(6)	Underspend
Governance	4,324	4,097	(227)	(198)	(29)	Underspend
Place & Economy	22,030	24,901	2,871	3,242	(371)	Overspend
People & Communities	87,245	109,874	22,629	21,089	1,540	Overspend
Public Health	(372)	(306)	66	58	8	Overspend
Resources	18,637	20,709	2,072	2,024	48	Overspend
Customer & Digital Services	7,777	7,802	25	63	(38)	Overspend
Business Improvement	619	717	98	68	30	Overspend
Capital Financing	26,219	27,393	1,174	1,019	155	Overspend
Total Expenditure	**167,770**	**196,471**	**28,701**	**27,364**	**1,337**	Overspend
COVID-19	0	(18,666)	(18,666)	(18,665)	(1)	Underspend
COVID-19 - SFC income compensation*	0	(3,937)	(3,937)	(3,937)	0	Underspend
Financing	(167,770)	(168,260)	(490)	(490)	0	Underspend
Net	**(0)**	**5,608**	**5,608**	**4,272**	**1,336**	Overspend

*based on an estimated value of SFC Income compensation to be received from MHCLG

4.3. The key changes from last month are:

- **People & Communities**: There is £1m increase pressure previously reported within Adult Social Care, which has resulted from an increased requirement for residential placements, in order free hospital capacity. The Council has received additional funding from the CCG to support with the cost of providing these additional placements, however, when this cease to be funded by the CCG, there is an increased social care client base, which has increased the cost for the Council.

- **Place & Economy:** The inclusion of £0.426m of confirmed funding to support costs associated with homelessness and rough sleepers. This funding includes a £0.028m grant to fund initial short-term costs and £0.426m grant to fund ongoing short-term costs until March 2021, as part of the Next Steps Accommodation Programme.

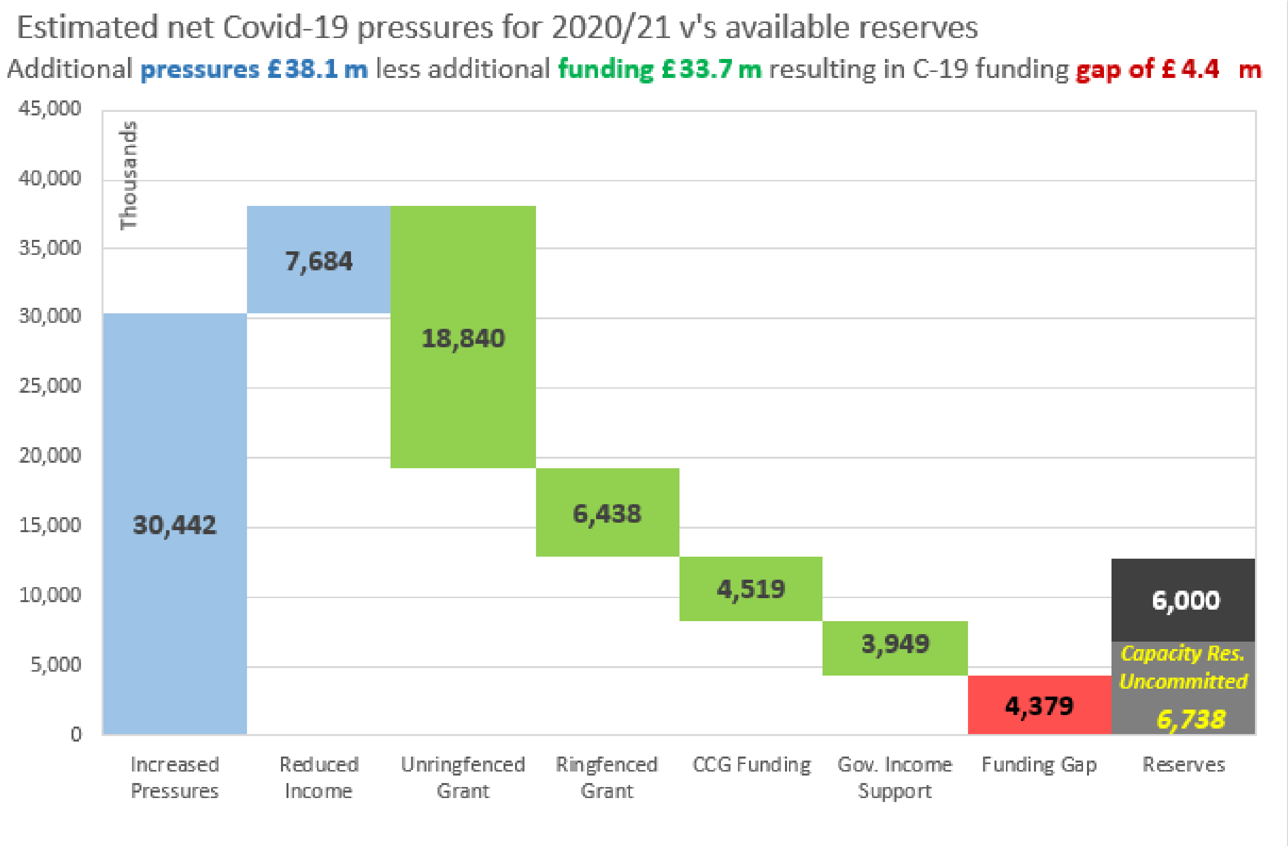
4.4. The pressures impacting the Councils financial position, and are a result of the C-19 pandemic, include:

- Within People and Communities, the directorate has continued to experience budget pressures such as inflation as well as increased additional funding from the Clinical Commissioning Group. The directorate has continued to underachieve anticipated savings, along with experiencing a loss of income across Parking Services, Enforcement Services and Clare Lodge due the wider impacts of the C-19 pandemic. There has also been an increased in cost relating to childcare placements and from supporting the transition of former Vivacity provided services to alternative management.
- The Resources directorate has been unable to deliver the proposed savings in the Peterborough Serco Strategic Partnership contract due to the impact of the Council response to C-19. The Business Support 'Notice of Change' / new model hub implementation will not be carried out during the current financial year.
- In the Place and Economy directorate there has been additional expenditure, as the Council has taken additional steps in ensuring that rough sleepers and homeless families have temporary accommodation and a safe place to self- isolate during to C-19 pandemic.

4.5. Further details regarding these and other service pressures are outlined within Appendix A of this report.

Financial Impact of C-19

4.6. The following chart summarises the direct and indirect impact C-19 has had on the Council's activities and in turn its financial position in 2020/21 as per the October return 7 to MHCLG:



4.7. Analysis of the C-19 financial impact identifies a forecast funding gap of £4.4m, which is comparable to the £5.6m position reported within the BCR. However, the two positions vary due to the following factors:

- The C-19 financial impact is monitored and reported on a weekly basis, making it a live document which is updated and reviewed more frequently. The £5.6m position reported above is as at 31 October.
- The BCR position is more historic in nature and reports on the Council's actual financial performance at a certain point in time. For the purpose of this report the position it is as at 31 October.
- The BCR includes pressures and underspends which are not C-19 related.
- The C-19 operating environment is fast paced, reflecting the latest announcements from the government on funding and policy changes. This leads to timing variations when comparing the C-19 financial monitoring information to the BCR monthly position.
- There are some estimates within the C-19 tracker which reflect a high risk (worst case) position.

As identified within the table in section 4.8 the C-19 financial impact at the end of October was identified at £4.4m. Due to a net adverse 'business as usual' (non-C-19 related) variance of £1.2m, the October BCR reports a £5.6m forecast overspend. Further details in relation to the financial performance of Council services are outlined in Appendix A.

4.8. The Council reviews and reports the financial impact of C-19 internally on a weekly basis. The Council along with all other local authorities submit a monthly C-19 financial impact return to Ministry of Housing Communities and Local Government (MHCLG). The Council is forecasting additional pressures of £38.1m as a result of additional costs and lost income, this is reduced to £4.4m after applying £33.7m of additional funding. This forecast will have a significant effect on the Council's forecast outturn position, and longer-term implications for the future year's budgets. The Council has now submitted seven returns to MHCLG, with the most recent return being submitted on 6 November. The following table summarises the financial impact reported in each month:

Source of Pressure & Income	**Apr Return £m**	**May Return £m**	**Jun Return £m**	**Jul Return £m**	**Aug Return £m**	**Sep Return £m**	**Oct Return £m**
Direct C-19 Expenditure	7.0	10.1	19.2	23.4	22.6	**26.2**	**25.2**
Loss of Income	6.8	6.0	6.8	7.9	6.7	**7.2**	**7.4**
Non-Delivered 2020/21 Savings	4.5	4.8	4.7	6.6	5.5	**5.5**	**5.5**
Total Pressures	**18.3**	**20.9**	**30.8**	**37.9**	**34.8**	**38.9**	**38.1**
C-19 response fund & un-ringfenced grants	(11.0)	(11.0)	(11.0)	(13.2)	(13.2)	(13.2)	(18.8)
Additional Funding and ring-fenced grants*	-	-	(5.7)	(9.9)	(9.9)	(14.7)	(14.9)
Revised Net Position	**7.3**	**9.9**	**14.1**	**14.8**	**11.8**	**11.0**	**4.4**

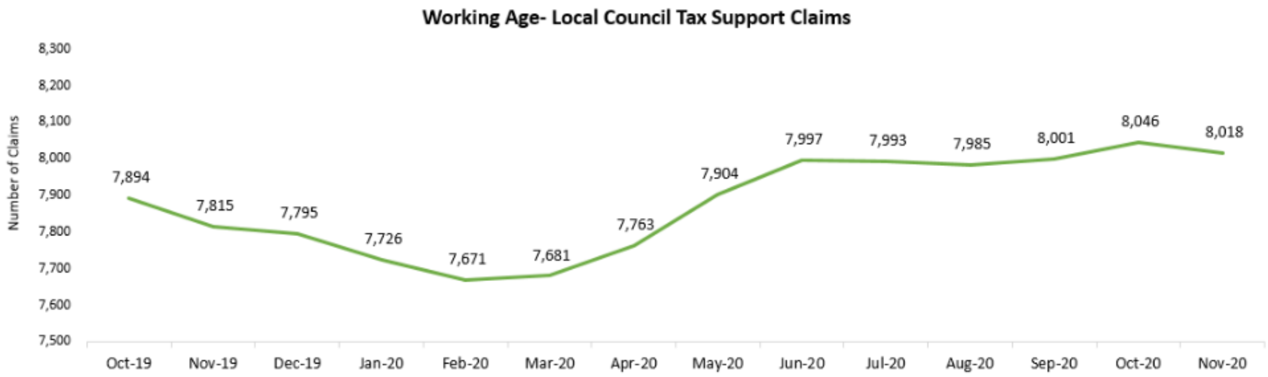
**includes SFC Income Compensation Scheme*

4.9. The return to MHCLG requires the costs to be included gross of all grant income. As such, activity which is being funded by ringfenced grants or the CCG have been included within the £38.1m of additional costs.

4.10. Since the previous (September) BCR reported to Cabinet on 16 November, the C-19 position has been unchanged, as no further submissions have been reported to MHCLG.

4.11. Concern remains regarding tax collection across the Country as a result of C-19 pandemic. The Council has been closely monitoring this and comparing the collection levels against previous collection performance. This comparison shows that Council Tax collection rates are 1.6% lower, and Business Rates collection rates 17.7% lower than last year. Since the beginning of the pandemic these rates have continued to improve month on month.

4.12. The levels of Local Council Tax Support recipients have increased overall, but in the last month the Council saw a reduction in the total level of working age claimants. This increase is the result of unemployment rates rising and it is expected this could increase further with the government confirming a 4 week national lockdown, starting from 5 November. The following chart shows the trend in claims since the start of the pandemic, following on from the declining numbers prior to the pandemic:



4.13. The Council has received funding directly from the Government which is being applied specifically to certain sectors of the economy, this includes:

- Business rates relief of £40.9m to 1,299 Retail, Hospitality and Leisure providers;
- Business rates relief of £0.35m to 33 Nurseries;
- £32.2m of Small Business Grant Funding (SBGF) for Small, Rural, Retail, Leisure and Hospitality businesses. This has supported 2,654 businesses, this scheme is now complete;
- Hardship funding of £1.7m to allocate £150 to those on Local Council Tax Support (LCTS) - this has been processed with 9,201 working age LCTS recipients benefiting from this funding to date;
- Discretionary grant scheme for businesses of which £1.6m of grants have been made to 110 local businesses.

National Lockdown

4.14. On 31 October the Prime Minister announced a four-week national lockdown commencing on 5 November, with the aim of slowing down as far as possible the increasing number of positive C-19 cases. Included within this announcement was a further package of support for businesses, individuals and local authorities, including a furlough and self-employed scheme and the following schemes which impact on the Council's financial position and operations:

- **Contain Outbreak Management Fund (COMF):** Upper tier authorities will receive £8 per head of population, the maximum amount available under the tiered grant payments. This grant is to enable the Council to carry out proactive containment and intervention to minimise the spread of the virus. This includes targeted testing for hard-to-reach groups, enhanced communications and marketing, targeted support for schools and education settings, and additional resource to ensure compliance with restrictions. The Councils grant allocation has been confirmed at **£1.618m.**

- **£1.1bn of Business Support (Additional Restrictions Grant):** The Council's grant allocation has been confirmed at £4.045m (based on £20 per head). This grant is to enable Councils to support businesses over the coming months more broadly. This will be provided by a discretionary scheme, the details of this scheme are being developed in line with government guidance and the application process will be published by the Council when finalised and approved.

- **Local Restrictions Support Grant:** The Council's grant allocation has been confirmed at **£2.872m** to support the four-week period. The Council will administer the scheme to provide grants to those businesses occupying properties appearing on the rating list that have been required by law to close by the Government. The grants are payable dependent on the rateable value (RV) of the property, the thresholds are as shown below:
    - Properties with a RV of £15,000 or less will receive £1,334
    - Properties with a RV over £15,000 but less than £51,000 will receive £2,000
    - Properties with a RV of £51,000 or over will receive £3,000

  On 13 November the Council launched an application process for businesses to apply for the support. This can be found along with further details on the businesses which fall within the scheme and FAQ's on the Councils website here.

- **Funding for Clinical Extremely Vulnerable:** Upper tier authorities will receive a share of a £32m grant to enable them to provide support to clinically extremely vulnerable people who need it over the four-week national lockdown period. The Council's grant allocation has been confirmed at **£0.085m**

4.15. In addition to the package of support outlined within section 4.14, on 10 November the Government announced a £170m funding package to support families and the most vulnerable over winter. The Council has received confirmation that it will receive a grant of £0.743m, which will enable the provision of support to families with children, and other vulnerable households and individuals. The funding covers the period December 2020 - March 2021 and will include providing free meals to disadvantaged children during the Christmas holidays. At present officers and the Corporate Management Team are developing a scheme of support which delivers the grant objectives.

4.16. The impact from C-19 continues to put stress on the Council's finances. The Council published the Phase One of the 2021/22-2023/24 MTFS on 16 October. This document outlines an estimated budget gap of £35.7m for 2021/22. In order to close this gap additional funding will be required and the Council continues to meet with the Ministry of Housing Communities and Local Government (MHCLG) to discuss potential support available. Further details of the Council's financial position and strategic approach are outlined within the Medium-Term Financial Strategy 2021/22-2023/24, reported to Cabinet on 26 October 2020.

5. APPENDICES

5.1. Further information is provided in the following appendices:

- Appendix A – Budgetary Control Report Dashboard- October 2020.

Appendix A- Budgetary Control Report Dashboard

Period **Oct-20**

PETERBOROUGH CITY COUNCIL

£5.6m Forecast Overspend

17% Forecast Overspend as a proportion of Budget

Directorate	Budget £k	Forecast Spend £k	Variance £k	Previous Month Variance £k	Movement £k	Overall Status
Chief Executives	1,291	1,284	(7)	(1)	(6)	Underspend
Governance	4,324	4,097	(227)	(198)	(29)	Underspend
Place & Economy	22,030	24,901	2,871	3,242	(371)	Overspend
People & Communities	87,245	109,874	22,629	21,089	1,540	Overspend
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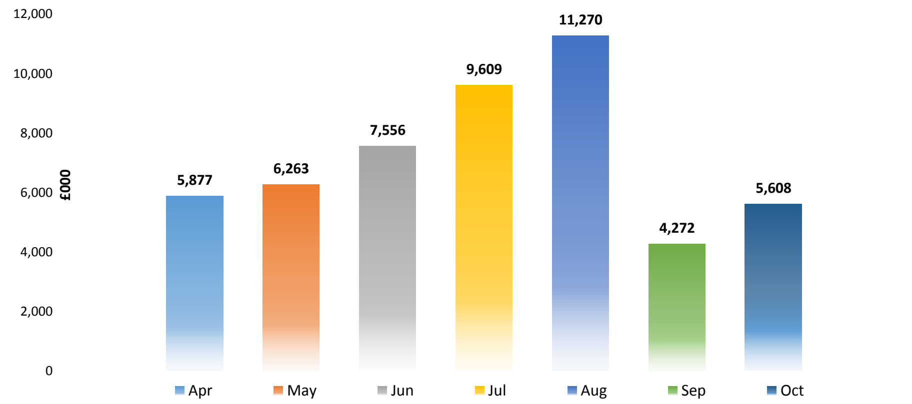
Total Expenditure	**167,770**	**196,471**	**28,701**	**27,364**	**1,337**	Overspend
COVID-19	0	(18,666)	(18,666)	(18,665)	(1)	Underspend
COVID-19 - SFC Income compensation*	0	(3,937)	(3,937)	(3,937)	0	Underspend
Financing	(167,770)	(168,260)	(490)	(490)	0	Underspend
Net	**(0)**	**5,608**	**5,608**	**4,272**	**1,336**	Overspend

**based on an estimated value of SFC Income compensation to be received from MHCLG*

Forecast overspend position has increased by 30% in October, compared with September



Key Budget Pressures

People & Communities	2,950	This relates to a combination of pressure from £1.7m inflation and from when £1.250m C-19 care support funding from Clinical Commissioning Group (CCG) ceases.
People & Communities	2,528	This is due to reduced/lost savings such as Adults Positive Challenge, Self Funders, etc. due to C-19. Furthermore, as a result of C-19, savings previously declared in relation to Adult Social Care demography and the National Living Wage can no longer be delivered.
People & Communities	2,237	This relates to additional spend due to C-19 impact on Child Care placements. There is additional cost to provide an uplift to Chilren's Social Care providers and further spend to cover Home Care Support and Integrated Community Equipment services.
People & Communities	2,196	Loss of income across Parking Services, Parking Enforcement and Environmental Enforcement as a result of C-19. Parking Enforcement is operational again however income is forcasted to be lower due to C-19 restrictions on social distancing.
People & Communities	2,000	This relates to the additional spend to support the transition of services formerly provided by Vivacity services to alternative management.
People & Communities	1,200	Loss of income due to the restrictions from C-19 for Clare Lodge as children are only being moved and accommodated on an emergency basis, which means that placement demand is low compared to usual activity.
Resources	1,120	This is due to the Business Support savings not being achieved during the current financial year due to additional C-19 related activity.
Place & Economy	1,100	As a result of the C-19 pandemic there is forecast additional spend on hotel, B&B, employee, security and repair costs for the current financial year.
Place & Economy	866	This relates to the Council having taken steps to ensure that rough sleepers and homeless families and individuals have temporary accommodation and a safe place to self isolate as a result of issued government policy.
Place & Economy	818	Impact of C-19 on Aragon Direct Services due to loss of income and additional costs.

Key Favourable Variances

Resources	373	Bereavement Services income is expected to exceed budget this year due to C-19 related activity.
People & Communities	312	Savings on Community, Therapy and Reablement Teams are from staff vacancies.
Place & Economy	251	The Council has experienced reduced usage of Concessionary passes.
Resources	212	Additional rental income received due to delayed property sales.
Place & Economy	199	Savings experienced on temporary accommodation. This is due to the new lease arrangements for St Michael's Gate, and delays in some housing schemes coming online.
Place & Economy	195	Refund of Climate Change Levy liability from HMRC received following detailed discussions on the relevant application of the tax rules which removed the Council's liability.
People & Communities	192	Savings achieved in the Environmental Enforcement and Parking Enforcement Teams from staff vacancies.
Governance	165	This is in the Election services as there were no local elections in May 2020 due to the C-19 pandemic.
Chief Executives	66	Favourable variance resulting from posts held as vacant.

People & Communities Oct-20

£22.6m Forecast Overspend

26% Forecast Overspend as a proportion of Budget

PETERBOROUGH CITY COUNCIL

Directorate	Budget Group	Budget £k	Forecast Spend £k	Variance £k	Previous Month Variance £k	Movement £k	Overall Status
People & Communities	Director	1,282	1,695	413	455	(42)	Overspend
People & Communities	Education	6,695	7,435	740	683	56	Overspend
People & Communities	Adults - Commissioning	36,780	46,097	9,317	8,212	1,105	Overspend
People & Communities	Adults - Operations	9,663	10,299	636	709	(73)	Overspend
People & Communities	Children´s - Operations	10,674	11,576	903	942	(39)	Overspend
People & Communities	Children´s Commissioning	16,127	18,567	2,440	2,455	(15)	Overspend
People & Communities	Commissioning Team and Commercial Operations	483	1,444	961	963	(2)	Overspend
People & Communities	Communities - City Centre Management	200	405	205	192	13	Overspend
People & Communities	Communities - Cohesion and Integration	949	953	3	6	(2)	Overspend
People & Communities	Communities - Community Safety	29	2,631	2,602	2,425	177	Overspend
People & Communities	Communities - Think Communities	2,665	5,457	2,792	2,715	77	Overspend
People & Communities	Communities-Regulatory Services	1,697	2,012	315	314	1	Overspend
People & Communities	Children's & Safeguarding (DSG)	5,748	6,858	1,110	833	277	Overspend
People & Communities	Commissioning and Commercial Operations (DSG)	0	11	11	11	0	Overspend
People & Communities	Education (DSG)	(5,748)	(5,565)	183	175	8	Overspend
	Total People & Communities	**87,245**	**109,874**	**22,629**	**21,089**	**1,540**	Overspend

Directorate Overview

The People and Communities Directorate is currently forecasting an overspend of £22.629m. Of this figure, £12.444m relates to additional spend in response to C-19. The C-19 impact on Income is a forecast under achievement of £5.193m. The C-19 impact on the achievement of Medium Term Financial Strategy (MTFS) savings is a pressure of £3.676m. A forecast overspend of £1.626m relates to non-C-19 activity and includes a pressure of £0.410m in relation to credit notes raised to the Clinical Commissioning Group (CCG). A forecast underspend of £0.309m is reported in relation to reduced spend arising from C-19.

Directorate Variance Analysis

Director	£0.447m pressure as a result of non-achievement of MTFS saving, in relation to reduced expenditure on Agency Staff. This saving was allocated across the directorates based on current agency budgets, however due to the directorates reliance on these budgets to ensure there are adequate levels of social care workers and care staff, these savings will be difficult to extract. This will be reviewed as part of the Council's budget setting process for 2021/22.
Education	£0.191m pressure- loss of income due to a reduction in Attendance Fixed Penalty Notice fine income and School Improvement & Governor traded services as a result of C-19. As a result of the C-19 pandemic, and in line with Government advice, no Penalty Notice and / or prosecution has been initiated for any new offences from 16 March 2020 until the end of the summer term. The Local Authority has started to fine parents whose children do not attend school in September but there will be discretion where the reason is C-19 related and it is anticipated that Income will only be 50% of 'normal' levels for the Autumn term. School Improvement traded services have re-commenced in September 20.
	£0.279m pressure C-19 - Impact on MTFS saving re Home to School Transport. A number of savings work streams were initiated in conjunction with Cambridgeshire County Council i.e. Route Optimisation, promoting the take up of Personal Transport Budgets, the development of a Dynamic Purchasing System and Independent Travel training. As a result of the Pandemic, no savings have been achieved to date.
	£0.105m other pressures including Private Finance Initiative (PFI) Insurance rebate £0.100m. The PFI Insurance rebate is received every two years. The PCC PFI Manager is currently negotiating for the Insurance rebate to be received annually. This pressure may therefore be removed.
Adults - Commissioning	£1.5m pressure from 10% uplift awarded to care providers to end of June to assist with impact of C-19. £0.817m additional care package spend forecast due to C-19 on social care packages.
	£2.95m pressure arising from £1.7m from inflationary increases and £1.250m for additional beds required ad a result of C-19. In previous years we have held off some uplifts to providers but this year with the largest increase in the National Living Wage providers are requesting additional support. The pressure as a result of the additional beds required has increased in comparison to the previous month, this is because when the additional beds cease to be funded by the CCG the Council has an increased social care client base.
	£0.165m pressure - loss of client contributions as a result of hospital discharge cases going into block care beds funded by CCG. Discharge guidance states not to collect client contribution during C-19.

	£2.528m pressure from reduced or lost savings due to C-19. Savings plans such as Adults Positive Challenge, Self Funders, Care Suites and Lifeline have all been affected due to resources focusing on responding to discharges and other pressures from C-19. As a result of C-19, savings previously declared in relation to Adult Social Care Demography and the National Living Wage can no longer be delivered.
	£0.918m pressure on care packages due to a rise in demand and costs of new packages and the need to credit back some invoices to the Clinical Commissioning Group as in raised in error.
Adults - Operations	£0.107m pressure on loss of the saving due against the Deprivation of Liberties (DoLs) service area. Legislation due in October is unlikely to be in place now. This legislation was due to change how the service was to be delivered.
	£0.114m pressure - loss of income from Care and Repair due to C-19. The service receives income from work carried out under the Disabled Facilities Grant (DFG). Care and Repair staff have been redeployed to Reablement and other teams to respond to C-19 so are unable to generate the contributions.
	£0.312m favourable on Community, Therapy and Reablement Teams due to staff vacancies
Children´s - Operations	£0.257m pressure - C-19 loss of Income. The Tackling Troubled Families Grant is partly paid based on Payment By Results (PBR). Due to C-19 and the closure of Schools it is anticipated that there will be a shortfall of PBR income. Loss of Income to Cherry Lodge due to CCG funded bed occupancy not being utilised due to Children shielding.
	£0.741m pressure - additional C-19 spend. Additional Early Help costs to establish a short term team to provide direct early help support and to commission support services . Additional capacity for Children's Social Care Assessment teams to meet the expected increase in referrals of vulnerable children into Children's Social Care. Additional capacity at Derby House to meet the expected increase in demand for children with very complex disabilities.
Children´s Commissioning	£2.237m pressure - C-19 additional spend . £1m additional spend approved for Children in Care placements costs to meet the anticipated spike in requests for placements that will follow once restrictions begin to be lifted and Schools return. £0.895m additional cost to provide an uplift to Children's Social Care providers to cover their additional costs during lockdown and the recovery phase. Provider uplifts are considered by a Business Continuity panel. Additional spend approved of £0.341m to cover Home Care support / Short Breaks, Integrated Community Equipment Services to meet the expected additional demand.
	£0.077m pressure - The re-commissioning of Children's Centres is delayed because of C-19.
	£0.223m pressure re Children Placements, all placements have been uplifted to new rates. One family of 7 siblings becoming Looked After Children in one month.
Commissioning Team and Commercial Operations	£1.2m pressure - C-19 impact on Income at Clare Lodge. Children are only being moved and accommodated on emergency basis. Also the new procedures at Clare lodge require new admissions to self-isolate for 14 days which is also influencing decision making by placing authorities. The delay to the Capital project to refurbish lounges means that two lounges are currently not available for use. The refurnished Lounges will be operational imminently.
	£0.100m additional expenditure at Clare Lodge incurred on staffing when children have had to be isolated due to them being C-19 positive, additional cost of PPE and other infection control measures.
Communities - City Centre Management	£0.267m pressure - C-19 loss of Income. Loss of Income is forecast for Street Traders, the City Market , the Great Eastern Run and City Centre Events.
Communities - Community Safety	£2.196m pressure - C-19 loss of Income. £1.587m loss of Income from Parking services. £0.464m loss of Income for Parking Enforcement as PCC car parks and on street parking was free of charge for a significant period and therefore Enforcement staff have been redeployed to the C-19 Emergency Hub & more recently to Covid Marshalling duties. Parking Enforcement is operational again but income levels are forecast to be lower than previous levels given C-19 impact on staffing productivity, suspension of parking bays, pop up cycle lanes etc. £0.145m forecast loss of Income re Environmental Enforcement as a result of C-19.
	£0.200m pressure - C-19 impact on MTFS savings. Revised parking charges were due to be implemented from April 2020 but on and off street parking has been free of charge for a significant period. Income is forecast to be lower since parking charges have been reinstated.
	£0.192m Favourable - C-19 reduced spend. Vacancies not recruited to Environmental Enforcement and Parking Enforcement Teams.
Communities - Think Communities	£2.0m pressure - C-19 additional spend to support the transition of Vivacity.
	£0.179m pressure - C-19 impact on MTFS saving re Vivacity. Given Vivacity's decision hand to back the Culture and Leisure contract to PCC, it is highly unlikely that this MTFS saving will be achieved.
	£0.500m pressure - C-19 loss of income on the Premier Fitness profit share scheme
Communities-Regulatory Services	£0.274m pressure - Additional Coroners Service spend to manage the backlog and complexity of cases and for the PCC share of temporary mortuary costs.
	£0.135m pressure - Reduced Income re Licenses in relation to Food premises, Street Traders & Taxi's as a result of businesses / taxi operators being closed and allowing for permanent closure of businesses.
Education (DSG)	£0.150m pressure- C-19 additional spend to ensure the sustainability of Nursery Education providers.
	£1.110m pressure - increase of complex placements during Summer 2020 the majority due to C-19

Public Health Oct-20

PETERBOROUGH CITY COUNCIL

£0.1m Forecast Overspend

1% Forecast as a proportion of the Expenditure Budget (exc the Public Health Grant)

Directorate	Budget Group	Budget £k	Forecast Spend £k	Variance £k	Previous Month Variance £k	Movement £k	
Public Health	Children 0-5 Health Visitors	3,886	3,886	0	0	0	On Budget
Public Health	Children 5-19 Health Programmes	887	887	0	0	0	On Budget
Public Health	Sexual Health	1,933	1,974	41	41	0	Overspend
Public Health	Substance Misuse	2,218	2,214	(4)	(4)	0	Underspend
Public Health	Smoking and Tobacco	295	295	0	0	0	On Budget
Public Health	Miscellaneous Public Health Services	1,532	1,561	29	21	9	Overspend
Public Health	Public Health Grant	(11,124)	(11,124)	0	0	0	On Budget
	Total Public Health	**(372)**	**(306)**	**66**	**58**	**9**	Overspend

Directorate Overview

The Public Health Directorate is currently forecast to overspend by £0.066m. Included in this forecast is £0.126m of C-19 related expenditure across all services. This is offset by £0.059m of other savings.

Directorate Variance Analysis

Sexual Health	£0.051m pressure - additional C-19 spend Sexual Health contract
Miscellaneous Public Health Services	£0.044m pressure - additional C-19 spend - delayed start to new Healthy Lifestyles contract
Substance Misuse	£0.015m pressure - additional C-19 spend - Drug and Alcohol Services
Miscellaneous Public Health Services	£0.015m pressure - additional C-19 spend -National Child Measurement Programme

Test and Trace

The value received for Test and Trace grant is £1.018m, which will be used to fund the following workstreams:

1. Testing Capacity.
2. Worfforce & Training.
3. Outbreak Management.
4. Communications & Infrastructure.
5. Community &Voluntary Sector.
6. Education to Support schools.

The Council is working jointly with Cambridgeshire County Council, with the shared costs split between the 2 authorities on an agreed percentage. Some costs being incurred are specific to each authority and a strict request and monitoring process has been set up which includes the District Councils.

Governance Oct-20

£-0.2m Forecast Underspend -5% Forecast Underspend as a proportion of Budget

Directorate	Budget Group	Budget £k	Forecast Spend £k	Variance £k	Previous Month Variance £k	Movement £k	Overall Status
Governance	Director of Governance	151	133	(19)	(18)	(1)	Underspend
Governance	Legal Services	1,928	2,027	99	67	32	Overspend
Governance	Constitutional Services	2,029	1,753	(276)	(216)	(60)	Underspend
Governance	Performance & Information	216	185	(32)	(31)	(1)	Underspend
	Total Governance	**4,324**	**4,097**	**(227)**	**(198)**	**(29)**	Underspend

Directorate Overview

Overall the Governance department is forecasting to underspend by £0.227m, largely due to the reduction in costs associated with holding local elections, as these have been postponed due to C-19. Savings also on salaries and members allowances.

Directorate Variance Analysis

Legal Services	£0.099m overall pressure. Relates to £0.103m pressure on Land Charges Income, offset by other favourable income in Legal Servs.
Constitutional Services	£0.165m favourable position on election services, this is broken down in to a £0.188m saving as there were no local elections in May 2020 due to the C-19 pandemic, however this is offset by a £0.023m possible pressure due to additional costs relating to the Electoral Register and previous year election costs
	£0.111m Favourable position as a result of a number of other variances, mostly £0.085m saving on Members Allowances.

Chief Executives Oct-20

PETERBOROUGH CITY COUNCIL

£0.0m Forecast Underspend **-1%** Forecast Underspend as a proportion of Budget

Directorate	Budget Group	Budget £k	Forecast Spend £k	Variance £k	Previous Month Variance £k	Movement £k	Overall Status
Chief Executives	Chief Executive	162	149	(13)	(11)	(2)	Underspend
Chief Executives	HR	1,129	1,134	6	10	(4)	Overspend
	Total Chief Executives	**1,291**	**1,284**	**(7)**	**(1)**	**(6)**	Underspend

Directorate Overview

Currently the Chief Executives Directorate is reporting a total variance of £0.007m this is broken down in the below analysis.

Directorate Variance Analysis

HR	£0.062m pressure - The main variance in this area is due to additional salary costs as a number of Voluntary Redundancies have been delayed to ensure the Council has the staffing resource available to provide the response to the C-19 pandemic.
	£0.014m Pressure - Additional training costs and loss of Occupational Health income due to C-19.
	£0.070m Favourable - The service is showing a favourable variance from posts currently vacant
Chief Executive	£0.004m Pressure - Additional salary costs following delay of Voluntary Redundancy due to C-19.
	£0.017m Favourable - Other minor variances in the service.

Resources   Oct-20

PETERBOROUGH CITY COUNCIL

£2.1m Forecast Overspend

11% Forecast Overspend as a proportion of Budget

Directorate	Budget Group	Budget £k	Forecast Spend £k	Variance £k	Previous Month Variance £k	Movement £k	Overall Status
Resources	Director's Office	276	271	(5)	(6)	1	Underspend
Resources	Financial Services	3,365	3,365	(0)	3	(3)	Underspend
Resources	Corporate Items	8,013	8,523	510	436	74	Overspend
Resources	Peterborough Serco Strategic Partnership	6,375	7,691	1,316	1,318	(2)	Overspend
Resources	Corporate Property	1,614	1,986	372	385	(13)	Overspend
Resources	Energy	478	535	57	46	11	Overspend
Resources	Cemeteries, Cremation & Registrars	(1,485)	(1,662)	(177)	(157)	(20)	Underspend
	Total Resources	**18,637**	**20,709**	**2,072**	**2,024**	**47**	Overspend

Directorate Overview

The Resources Directorate is currently forecasting an overall overspend of £2.072m against budget. The main variances at this stage relate to budgeted savings targets in Peterborough Serco Strategic Partnership Business Support, unachieved letting income target relating to renting out additional space at Sand Martin House (SMH), which is not yet possible, offset partly by additional rental income from POSH and Allia. Cemeteries, Cremation & Registrars are overall showing a favourable variance as a result of C-19.

Directorate Variance Analysis

Director's Office	£0.005m Favourable - Other savings in the service.
Financial Services	Currently no variance being reported across the service
Corporate Items	£0.477m Pressure - Pressure against available pay award budget.
	£0.057m Favourable - Latest VAT shelter income forecast from Cross Keys Homes shows expected income above budget.
	£0.009m Pressure - Expected pressure against Parish Council precept budget
	£0.065m Pressure - External Audit Fees are forecast to exceed budget following an increase in fees due to a variety of factors.
	£0.016m Pressure - Workforce Modernisation saving not fully achieved.
Peterborough Serco Strategic Partnership	£1.120m Pressure - Business Support savings not expected to be delivered due to C-19. The current forecast is based on Business Support Notice of change/new model/Hub implementation not being implemented during 20/21. However this is now subject to a wider strategic review and a further adjustment to the forecast may be required to reflect the outcome of this review.
	£0.139m Pressure - Other variances within the service, including continuing Annual Delivery Plan/BTSI costs (expected until new Business Support model implementation), and growth income received but not budgeted in year.
	£0.018m Pressure - Housing Benefit Admin and Local Council Tax Admin grant final allocation is lower than budgeted.
	£0.039m Pressure - The Housing Benefit Subsidy budget is forecasting a £0.039m pressure against budget. This is being monitored as time progresses considering the impact of C-19 issues.
Corporate Property	£0.475m Pressure - Additional letting of SMH now not possible this year.
	£0.212m Favourable - Rental Income from POSH & Allia continues as not yet sold (£0.286m F) and a delay in the Town Hall North income (£0.074m).
	£0.108m Pressure - Other pressures in the service.
	£0.006m Pressure - Door control costs at SMH
	£0.005m Favourable - C-19 response costs at SMH (cleaning, signage etc) offset by reduced electricity costs.
Energy	£0.057m Pressure - MTFS saving unachievable, as well as additional maintenance costs, reduced income, partly offset by reduced capital financing costs and net loan interest receivable.
Cemeteries, Cremation & Registrars	£0.195m Pressure - Registration Services income is forecast to be £0.215m underacheived and can only be partially offset with a reduction in expenditure (£0.020m). This forecast on income is fully attributable to C-19 and the first 6 months of the year has assumed a 50% reduction in income. The income forecst has worsened from last month due to income for weddings not being as high as initially anticipated.
	£0.373m Favourable - Bereavement Services income is expected to exceed budget by £0.397m this year due to C-19. Other net pressures within the service of £0.024m are currently being reported. Although the income is high at the moment it must be noted that this may not be a true reflection of how the year may continue and it is difficult to predict the position at the end of the year.

Place & Economy Oct-20

PETERBOROUGH CITY COUNCIL

£2.9m Forecast Overspend

13% Forecast Overspend as a proportion of Budget

Directorate	Budget Group	Budget £k	Forecast Spend £k	Variance £k	Previous Month Variance £k	Movement £k	Overall Status
Place & Economy	Development and Construction	(70)	164	234	307	(73)	Overspend
Place & Economy	Director, OP & JV	499	447	(52)	(48)	(4)	Underspend
Place & Economy	Peterborough Highway Services	4,236	4,257	21	(151)	172	Overspend
Place & Economy	Sustainable Growth Strategy	1,652	1,572	(80)	(75)	(5)	Underspend
Place & Economy	Waste, Cleansing and Open Spaces	13,294	14,943	1,649	1,572	77	Overspend
Place & Economy	Westcombe Engineering	123	323	200	200	0	Overspend
Place & Economy	Director of Housing	2,094	2,959	866	1,420	(555)	Overspend
Place & Economy	Service Director Environment & Economy	204	236	32	15	17	Overspend
	Total Place & Economy	**22,030**	**24,901**	**2,871**	**3,242**	**(371)**	Overspend

Directorate Overview

Overall Place and Economy is forecasting an overspend of £2.871m. There are significant overspends as a result of the C-19 pandemic, however there are some favourable movements due to reduced service use and savings generated as a result of reduced spending on non-essential expenditure. As part of the government response to the C-19 pandemic, housing forecasts a revised pressure for the year to be £1.2m. The Ministry of Housing, Communities and Local Govevernment (MHCLG) funded £0.028m as an interim measure while working on more comprehensive measures. A initiative called Next Steps Accommodation Programme (NSAP) was instigated with a fund for capital schemes of £105m. Attached to this bidding process was the opportunity to ask for the associated revenue costs up to March 2021, by which time rough sleepers are expected to be rehoused permanently. The revenue bid has been successful, giving Peterborough funding of £0.426m. The capital element of the bid is still being scrutinised by Homes England having passed through the first hurdle of the process with MHCLG. This is for £0.600m which will be combined with spend to save borrowing, making a scheme total cost of £2.4m. This has gone some way to offsetting the increased costs from housing rough sleepers.

Directorate Variance Analysis

Development and Construction	£0.246m Pressure- Planning fee income reduced due to C-19
	£0.149m Favourable - Other Development Income - S106/CIL Administration fees (previously £0.065m included in Other)
	£0.137m Pressure - Other variances of reduced income due to C-19 - (Building Control income, pre application income and shared service staff recharges) and cost of temporary staff
Director, OP & JV	£0.052m Favourable - Various Directorate wide savings held here (car allowances, telephones, salaries, software, others to be reallocated)
Peterborough Highway Services	£0.251m Favourable - Concessionary fares as significant reduced usage of concessionary passes
	£0.104m Favourable - Bus Service Operators Grant used to funds 60's
	£0.114m Pressure - Staffing costs
	£0.236m Pressure - Highways extra costs associated with C-19 and reduced income street naming/numbering
	£0.027m Pressure - Other variances (Queensgate Bus Station reduced departure fee income due to C-19, Traffic Signals costs)
Sustainable Growth Strategy	£0.080m Favourable due to various savings
Waste, Cleansing and Open Spaces	£0.244m Pressure - reduced Brown Bins Income - no charge for 3 months due to C-19
	£0.477m Pressure in relation to the Energy from Waste (EFW) Plant Electricity Income loss due to a fall in wholesale demand leading to drop in export price
	£0.112m Pressure due to additional costs at HRC due to C-19
	£0.195m Favourable - Refund of Climate Change Levy liability payment to HM Revenue & Customs
	£0.120m Pressure - Waste Treatment costs higher due to increased Residential Waste
	£0.818m Pressure - Impact of Covid-19 on Aragon Direct Services due to loss of income and additional costs.
	£0.073m Pressure - Other variances including, additional grave digger, additional refuse vehicle, additional city centre cleansing, loss of bulky waste income, additional Depot premises costs, partially offset by ERF insurance rebate
Westcombe Engineering	£0.200m Pressure - Reduced income as reduced capacity due to C-19
Service Director Environment & Economy	£0.032m Pressure - no income from Peterborough Destination Centre partially offset by employee savings
Director of Housing	£0.866m Pressure - Mostly as a result of the C-19 pandemic there is forecast additional net expenditure of £0.866m, as the Council has taken steps to ensure that rough sleepers and homeless families and individuals have temporary accommodations, and a safe place to self isolate. This is a total of the lines below.
	£1.10m Pressure - C-19: additional hotel, B&B, employee, security and repair costs for FY 20/21. Pressure reduced from previous forecast as now anticipate use of PCC owned/leased properties from Jan 2021 rather than April 2021
	£0.199m net saving on temporary accommodation. This is the result of s pressure caused by the decision not to purchase St Michaels Gate, but to extend the lease instead, which is being offset by savings due to a 6 month delay in Bushfield Court coming on line and the decision not to approce the Walton Road proposa. The latter two had been budgeted for the full year.
	£0.252m Pressure - Cost of Interim Director of Housing Needs and Supply
	£0.454m Favourable- as a result of receiving two grants £0.028m to fund initial short term costs and £0.426m, to fund ongoing short term costs untill March 2021 (part of NSAP bid)
	£0.167m Pressure - Housing Project Management Costs

Business Improvement Oct-20

PETERBOROUGH CITY COUNCIL

£0.1m Forecast Overspend

16% Forecast Overspend as a proportion of Budget

Directorate	Budget Group	Budget £k	Forecast Spend £k	Variance £k	Previous Month Variance £k	Movement £k	Overall Status
Business Improvement	Programme Management Office	619	717	99	68	31	Overspend
	Total Business Improvement	**619**	**717**	**99**	**68**	**31**	Overspend

Directorate Overview

The Business Improvement Directorate is currently reporting an overspend of £0.099m against budget, due almost entirely to C-19 pressures.

Directorate Variance Analysis

Programme Management Office	£0.103m pressure - additional staffing and consultancy costs incurred due to C-19 impact on the service.
	£0.004m favourable - other

Customer & Digital Services Oct-20

PETERBOROUGH CITY COUNCIL

£0.0m Forecast Overspend

0% % Forecast Overspend as a proportion of Budget

Directorate	Budget Group	Budget £k	Forecast Spend £k	Variance £k	Previous Month Variance £k	Movement £k	Overall Status
Customer & Digital Services	ICT	7,084	7,031	(53)	44	(97)	Underspend
Customer & Digital Services	Marketing & Communications	355	393	39	42	(3)	Overspend
Customer & Digital Services	Resilience & Health & Safety	263	302	38	(23)	61	Overspend
Customer & Digital Services	Director of Customer & Digital Services	75	75	0	0	0	On Budget
	Total Customer & Digital Services	**7,777**	**7,802**	**24**	**63**	**(39)**	Overspend

Directorate Overview

Currently the Customer & Digital Services Directorate is reporting a £0.024m overspend, due to C-19 response pressures offset by some savings within the Directorate.

Directorate Variance Analysis

Marketing & Communications	£0.034m Favourable - Other savings within the service area.
	£0.073m Pressure - reduction in sponsorship income and reduced design & print recharges - C-19 related.
Resilience & Health & Safety	£0.033m Favourable - Salary savings in service area
	£0.007m Pressure - C-19 related spend on additional signs
	£0.065m Pressure - C-19 related spend on body storage and funeral director costs
ICT	£0.044m Pressure - Additional costs incurred on computer software due to the C-19 response.
	£0.097m Favourable - Underspends within the service including unbudgeted income and some savings within the software budget.

Capital Financing Oct-20

£1.2m Forecast Revenue Overspend

4% Forecast Overspend as a proportion of Budget

Directorate	Budget Group	Budget £k	Forecast Spend £k	Variance £k	Previous Month Variance £k	Movement £k	Status
Resources	Capital Financing	26,219	27,393	1,174	1,019	155	Overspend
	Total Capital Financing	**26,219**	**27,393**	**1,174**	**1,019**	**155**	Overspend

Capital Financing and Capital Receipts Overview

A £1.2m forecast overspend is reported from a combination of the factors detailed below. The forecast reflects the risk in achieving asset sales in the current economic climate, which has been partially offset by the cost of borrowing for new debt being lower and later in the year than anticipated in the MTFS. Whilst the value of asset sales has increased some sales remain complex in negotiation and decision making requirements in the C-19 economic climate which in turn puts achievement of receipt by the 31 March 2021 at risk.

Directorate Variance Analysis

Less borrowing was undertaken for the capital programme in 2019/20 than budgeted for in the MTFS resulting in less budget being required to fund existing borrowing.

Forecast interest rates for new borrowing remain as forecast at the time the MTFS was set. It is currently anticipated that new borrowing of £88m will be required to fund the capital programme and refinancing of maturing loans, and reflects the new Empower loan arrangement. The council continues to review the borrowing strategy in light of interest rates available. Capital programme reviews for 2020/21 will be undertaken to ensure that a realistic profile of scheme delivery is being costed to enable forecast for borrowing and timings to be made, see Capital Programme for additional detail.

An estimate of the minimum revenue provision has been included in the forecast as the detailed calculation has been delayed due to resource constraints. This forecasts a small overspend position of £0.093m.

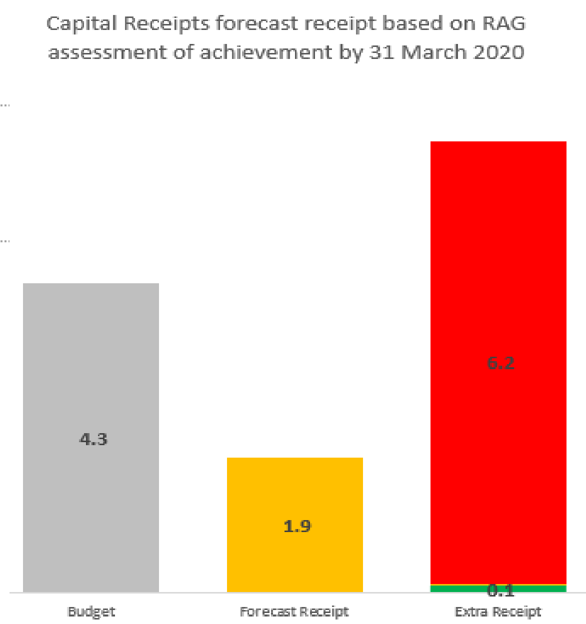
The level of interest receipts forecast to be generated from loans the council has issued is forecasting an income loss from compared to the estimate in the MTFS as a result of the delay in the drawdown of the loan granted to the hotel build in Fletton Quays, however, this is offset through the reduction in new borrowing required to fund the loan and better performance than expected from the ESPO estimated dividend where amounts will be finally confirmed in December 2020.

Capital Receipts

Capital Receipts are used as part of a contribution to repay debt. Close monitoring of the Capital Receipts is maintained as any change has a direct impact on the revenue position. Capital Receipts are monitored on a monthly basis and each sale given a status of Red, Amber or Green to identify the likely receipt before March 2021. As per the MTFS policy Capital Receipts will be used to repay debt and forms part of the calculation of the reducing the overall debt through MRP. If capital receipts are not received, the debt will need to be repaid via revenue resources.

As the table and chart below demonstrate, the Council has identified over £8.2m of asset sales in order to achieve the MTFS budget of £4.3m. However, the impact from C-19 pandemic of asset sales is creating a challenging environment in which to finalise final exchange and therefore the timing of the final receipt. The budget has been revised to £3.9m to reflect the timing loss caused through the delay with the sale of the football stadium from 2019/20 with regards to the deferred payment arrangement that had previously been negotiated. Discussion are ongoing with regards to the sale of the stadium.

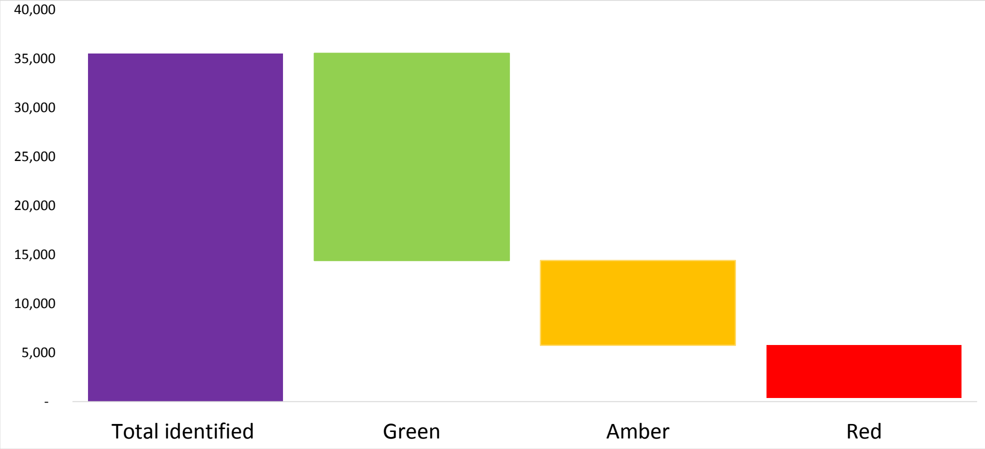
Capital Receipts To Repay Debt RAG Status	MTFS Budget £k	Revised Budget £k	Received to Date £k	Not yet received £k	Variance £k
Green	-	-	183	-	-
Amber	4,302	3,930	-	1,912	2,390
Red	-	-	-	6,165	(6,165)
Total	**4,302**	**3,930**	**183**	**8,077**	**(3,775)**



BCR- Revenue Savings Plan Delivery
Oct-20

PETERBOROUGH CITY COUNCIL

In 2020/21 The Council has **identified £35.5m of Savings**, of which **£21.1m are on track to be fully delivered**, **£8.7m are in progress** and **£5.4m are currently at significant risk**



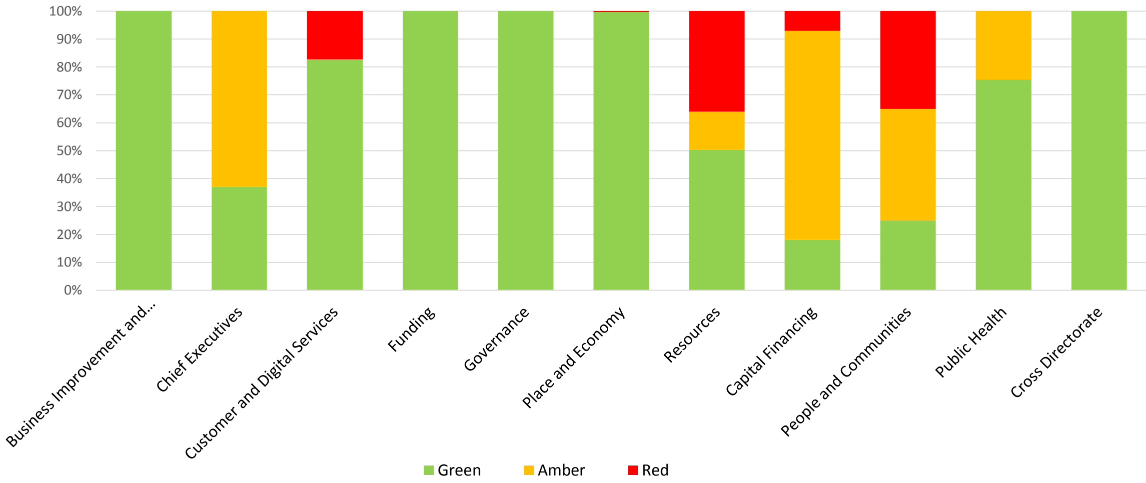
2020/21	Total identified	Green Full Saving Expected	Amber Some/minor shortfall in savings	Red High proportion not acheivable
Business Improvement and Development	219	219	0	0
Chief Executives	483	179	304	0
Customer and Digital Services	325	269	0	56
Funding	10,897	10,897	0	0
Governance	246	212	0	0
Place and Economy	3,083	2,753	0	10
Resources	5,211	2,620	716	1,875
Capital Financing	5,253	951	3,930	372
People and Communities	8,713	2,186	3,477	3,050
Public Health	971	707	230	0
Cross Directorate	141	141	0	0
Total	**35,542**	**21,134**	**8,657**	**5,363**

Savings Identified as Red

The table outlines the individual savings which have been categorised as red. These require actions to be taken to ensure delivery of these or alternative savings to the same value identifying.

RAG	Red
Row Labels	**2020/21 £000**
Capital Financing	**372**
Capital receipts - POSH deferred Receipt element	372
Customer and Digital Services	**56**
Communications and reduced staffing	56
People and Communities	**3,050**
Children's Agency Staff Recruitment	173
DoLS Assessments	107
P&C community Prevention and Enforcement changes	380
SEN and Home to School Transport	279
Vivacity	179
Parent Assessment Manual (PAMS)	22
Community Safety - increased income and savings. Neighbourhoods	10
Care Suites	100
Self Funders	50
Adult Social care demography	600
Home to School Transport - Catchment area review	21
National Living Wage	300
Social Care Demand	328
HR Controls- Staff Parking	53
HR Controls- Agency Staff Saving	447
Place and Economy	**10**
Additional Archaeological Services charges within Planning	10
Resources	**1,875**
Business Support Services	1,400
Property - Maximising the use of Sand Martin House	475
Grand Total	**5,363**

2020/21 Savings by Rag rating as a proportion of directorate savings target



Reserves Oct-20

PETERBOROUGH CITY COUNCIL

Overview

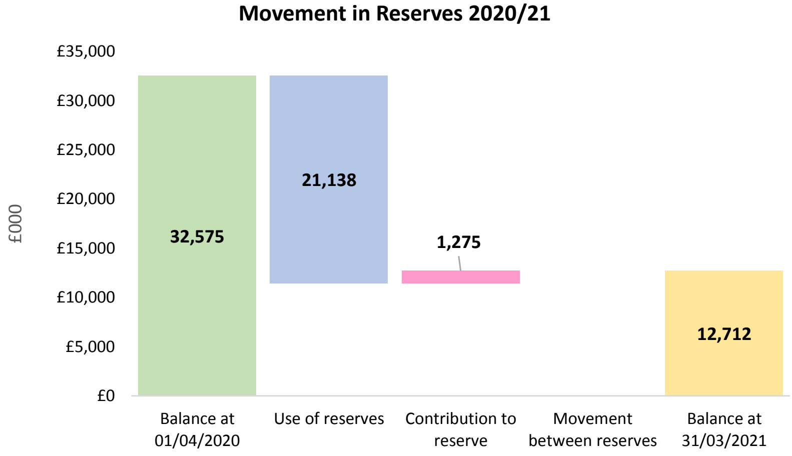
* The Council has forecast reserve balances of £12.7m at the end of 2020/21, this includes £6m of general fund, £2.3m of usable reserves and £4.4m of ring-fenced reserves.

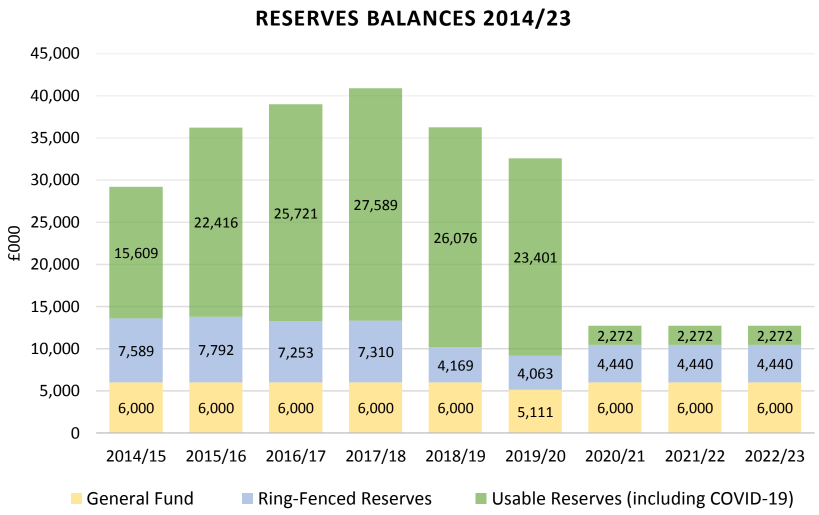
* The Capacity Building Reserve includes the assumption that £5.6m will be used to fund the in year forecast overspend, as outlined within this report.

* The Capacity Building Reserve includes committments for the costs of transformation programmes such as the ICT strategy and Adults Positive Challenge.

* The COVID-19 Reserve was created in 2019/20, as a result of receiving the first tranche of the £3.2bn response funding in March. It is forecast that this will be used in full to fund the additional costs, and has been vired in to the revenue budget, as shown in the report.

Summary of Reserves	2020/21 Balance C/Fwd £000	2020/21 Forecast Cont from Reserve £000	2020/21 Forecast Cont to Reserve £000	2020/21 Movement between Reserves £000	2020/21 Balance at 31.03.21 £000	2021/22 Balance at 31.03.22 £000	2022/23 Balance at 31.03.23 £000
General Fund Balance	**5,111**		**889**	**-**	**6,000**	**6,000**	**6,000**
					-		
Usable Reserves					-		
Capacity Building Reserve	12,992	(11,867)	-	-	1,125	1,125	1,125
Grant Equalisation Reserve	-	-	-	-	-	-	-
Departmental Reserve	5,077	(3,930)	-	-	1,147	1,147	1,147
Covid-19 Reserve	5,332	(5,332)	-	-	-	-	-
	23,401	**(21,129)**	**-**	**-**	**2,272**	**2,272**	**2,272**
Ring-Fenced Reserves							
Insurance Reserve	3,073	-	386	-	3,459	3,459	3,459
Schools Capital Expenditure Reserve	752	-	-	-	752	752	752
Parish Council Burial Ground Reserve	56	-	-	-	56		56
Hackney Carriage Reserve	173	-	-	-	173	173	173
Public Health Reserve	9	(9)	-	-	-	-	-
	4,063	**(9)**	**386**	**-**	**4,440**	**4,440**	**4,440**
Total Usable and Ring-Fenced Reserves and General Fund Balance	**32,575**	**(21,138)**	**1,275**	**-**	**12,712**	**12,712**	**12,712**





Capital Programme Oct-20

Overview

The revised Capital Programme budget as at October 2020 is £99.9m, which includes £25.5m for Invest to Save (I2S) Schemes.

The agreed investment as per the Medium Term Financial Plan (MTFS) was £146.4m The movement between the MTFS position and the £158.6m as at April 2020 was a result of slippages mainly due to delays completing projects from 2019/20.

The actual investment expenditure as at October 2020 is £17.5m. The latest forecast provided by project managers predicts an overall spend of £99.9m, therefore the Council is expecting to spend a further £82.3m before March 2021.

The I2S budget is for schemes that must cover the cost of borrowing and minimum revenue provision (MRP) from either income generation or from generated savings.

The Asset Investment Plan can be funded via three core elements, external third party income (including grants), capital receipts generated from the sale of Council assets, and borrowing from the external market. For the 2016/17 MTFS onwards the approved strategy is to use Capital Receipts as part of a contribution to the Minimum Revenue Provision (MRP) therefore they are no longer used primarily for the funding of the Asset Investment.

The following table shows the breakdown of the Council's Asset Investment over the directorates and how this investment is to be financed.

Directorate	MTFS Budget £k	1st April Budget £k	Revised Budget FY £k	Actual YTD £k
Customer & Digital Services	4,920	5,169	4,638	839
People & Communities	23,215	26,439	20,340	3,888
Place & Economy	39,275	40,386	29,553	8,366
Resources	38,341	40,995	19,895	3,139
TOTAL	**105,751**	**112,989**	**74,426**	**16,232**
Grants & Third Party Contributions	26,778	32,707	27,713	10,186
Capital Receipts repayment of loans	0	0	0	0
Borrowing	78,973	80,282	46,713	6,046
TOTAL	**105,751**	**112,989**	**74,426**	**16,232**
Invest to Save	40,602	45,602	25,466	1,316
Invest to Save Borrowing	40,602	45,602	25,466	1,316