

Report To: Cabinet

Date of Meeting: 27th May 2014

**Lead Member / Officer: Councillor Huw Jones / Lead Member for Leisure,
Youth, Tourism & Rural Development**

**Report Author: Jamie Groves – Head of Communication, Marketing &
Leisure**

Title: Prestatyn Nova Centre Development Proposal

1. What is the report about?

1.1 The report outlines the proposals for the £3.66 million development of the Prestatyn Nova Centre.

2. What is the reason for making this report?

2.1 A decision is required by Cabinet to approve costs of £108,864 associated with developing the project to detailed design stage.

3. What are the Recommendations?

3.1 Cabinet approves the £108,864 in order to move the scheme to the detailed design stage.

4. Report details.

4.1 In January 2014, Cabinet considered the findings of a due diligence review into Clwyd Leisure Ltd (CLL) and concluded that it was too great a risk for the Council to take over the company. Cabinet also decided to cease funding CLL from 1 April 2014 onwards, due to concerns over the quality and level of service provision. Following this, CLL ceased trading and closed their facilities in Rhyl and Prestatyn with immediate effect.

4.2 In March 2014, a report was presented to Cabinet by Communication, Marketing and Leisure (CML) outlining the recommendations arising from a detailed appraisal of the building conditions and the cost benefit analysis in respect of the different interim management options for the facilities, whilst the business case for a much improved leisure offer on the coast was developed. Cabinet agreed to the recommendation that 'the Nova Centre remains closed pending agreement of the Alliance Leisure Services (ALS) redevelopment proposals in May 2014, note that in the interim alternative gym and fitness provision will be available at Prestatyn Leisure Centre, and ask officers to explore alternative public access swimming opportunities for the local community with other local providers.'

- 4.3 ALS were appointed in January 2012 by CML as the development partner for the refurbishment and regeneration of a number of leisure facilities within Denbighshire. The £1.3 million development of Ruthin Leisure Centre was completed in September 2013 under this partnership approach, with the project coming in on time and within budget.
- 4.4 As part of developing the business case, ALS carried out a feasibility exercise which included the following facility mix:
- Reduction of overall footprint of the property by up to 20%
 - Retention of the 25m 4 lane swimming pool and small splash pool.
 - Creation of a village changing area to serve the swimming pool.
 - Creation of an improved fitness offer to the same quality delivered at Ruthin Leisure Centre, with separate fitness changing.
 - Creation of a multi-use space to accommodate current community events and a range of exercise classes / sports clubs.
 - Creation of a large soft play facility with new entrance, reception and café area overlooking the sea.
 - Creation of two or three promenade side retail units.
 - Introduction of energy efficient mechanical / electrical services and re – enveloping of the property in order to reduce carbon footprint.
- 4.5 The feasibility exercise also included financial analysis with one of DCC's Senior Finance & Assurance Officers (SFAO), together with CML's Lead Officer for Commercial Leisure, costing the projected staffing structure and other operating costs believed to be needed for the proposed new development. This work has been based upon current market trends obtained from the Council's existing commercial leisure sites and extrapolating expenditure and income data on each activity as a comparator.
- 4.6 Strategic Investment Group (SIG) have considered the business case in detail in terms of income, expenditure and confidence of delivery and have therefore recommended that Cabinet approve the £108,864 associated with developing the project to detailed design. The full business case approved by SIG is attached in appendix 1 and includes the full feasibility report and 5 year financial forecasts. The assumptions on building cost, operating cost and potential income were all thoroughly reviewed by SIG and members were assured that financial assumptions were reasonable and fully considered. A full copy of the SIG presentation can be found in appendix 2.

5. How does the decision contribute to the Corporate Priorities?

- 5.1 The development of an improved leisure offer along the coast is a major strand of the corporate priority 'Developing the Local Economy' set out in the Economic Ambition Strategy.
- 5.2 The BIG Plan 2011 – 2014 aims to achieve a number of outcomes and of particular relevance to this proposal is the desire for people in Denbighshire to have healthy lifestyles. The aim is for more adults and young people to

participate in sport and physical activity in order to stay fitter and healthier by offering a high standard, year round set of attractions and activities.

- 5.3 The vision within Denbighshire's Leisure Strategy is to increase the number of people participating in a range of leisure opportunities and work with partners to make best use of resources to design, deliver and promote leisure across Denbighshire. Our Leisure Strategy sets out our vision and commitment to improve access to high quality settings in which to enjoy leisure activities.

6. What will it cost and how will it affect other services?

- 6.1 A feasibility exercise has been carried out for the development of the Prestatyn Nova Centre. This has been fully considered by SIG and full details are in appendix 1. This has given SIG sufficient confidence to recommend we move forward with the scheme to the next stage. To move to the next stage, the cost to the Council will be approximately £108,000. This will provide the Council with cost certainty for the construction. The cost of the detailed design can be funded via the Council's capital receipts.

7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report.

- 7.1 No Equality Impact Assessment has been carried out at this stage, as the focus of the report is on feasibility and detailed design. A full EqIA will be considered during the detailed design stage and report back to Cabinet.

8. What consultations have been carried out with Scrutiny and others?

- 8.1 The proposal has the full support of the Lead Member for Leisure, Youth, Tourism and Rural Affairs, Councillor Huw Jones. The proposal and business case for this next stage of development has also been approved by Strategic Investment Group. Prestatyn Town Council, the Coastal Board and Prestatyn Member Area Group have been consulted on these proposals and are happy to support progression to the next stage.

9. Chief Finance Officer Statement

The business case for the Nova has been subject to scrutiny from both finance and the Strategic Investment Group. Given the fact that there are some elements within it that the Council has limited experience in, the case is as sound as can be expected at this stage of development. The recommendation to approve proceeding to the detailed design is sensible.

Once the detailed design has been completed, a further review of any assumptions can be carried out.

The cost of detail design is in addition to the projected cost of construction and can be funded via capital receipts that are currently not earmarked for any other project.

10. What risks are there and is there anything we can do to reduce them?

- 10.1 If approved, our development partner, ALS, will provide a fully costed detailed design proposal for the Authority to assess further. This will be a fixed cost. Any deviations from the agreed capital sum will be borne by ALS if we proceed to construction. At this stage the Council is only committing to the costs associated with detailed design and once this is complete, it will then be presented to SIG for further consideration. ALS have carried out all this work at risk and the Council have incurred no costs. However, to progress to the next stage of detailed design, the Council will need to underwrite costs of £108,864.
- 10.2 Alternatively, if we do nothing, then Prestatyn Nova Centre will remain closed and the building will continue to deteriorate and become a health and safety risk. To re – open in its current condition would not be affordable. The condition survey carried out in November 2013 highlighted costs of £456,641 associated with urgent or imminent repairs to the property. These costs did not include mechanical or electrical items.
- 10.3 Due to the limited and out-dated offer and condition of the building, operating costs are shown to far exceed likely income resulting in a significant loss. A full year's cost to operate the Nova Centre in its current condition and with its existing offer would be approximately £347,000. The costs highlighted in the condition survey would be addressed via the re-development proposals. In addition, there is no funding available for demolition which could be as much as £1,000,000. There would still be on – going costs associated with this property of approximately £71,000 per year taking account NNDR, insurance, utilities standing charges and security inspections. There is also a reputational risk to the Council for failing to open this facility. Re – opening the centre after the refurbishment would create the equivalent of 14.1 full time staff members. If it did not open, this opportunity to create employment would be lost.

11. Power to make the Decision

Section 3 of the Local Government Act 1972: Duty to secure continuous improvements in the way in which functions are exercised.