

PROJECT BUSINESS CASE Appendix 2



IMPORTANT – READ THIS BEFORE COMPLETING THE FORM

THIS PROJECT BUSINESS CASE IS AN APPLICATION FOR FUNDING FOR:

- MEDIUM OR LARGE PROJECTS

FOR FEASIBILITY FUNDING, PROGRAMMES/BLOCK ALLOCATIONS AND SMALL PROJECTS YOU ARE REQUIRED TO COMPLETE A PROJECT PROPOSAL.

The Business Case provides justification for undertaking a project, in terms of evaluating the cost/benefit of alternative options and rationale for the preferred solution. Its purpose is to obtain management commitment and approval for investment in the project. Assessment is based on the information provided in this form. DO NOT assume that the assessors will have any background knowledge of the activity or project.

If you require assistance completing this form please contact the Corporate Project Management Team at projects@denbighshire.gov.uk or on extension 6076.

Project/Activity Name:	Ruthin Leisure Centre Facility Development
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Project Sponsor:	Jamie Groves Head of Leisure, Libraries & Community Development	Directorate:	Leisure, Libraries & Community Development
Project Manager:	Sion Goldsmith Leisure Officer – Assets & Development	Service Area:	Leisure Services
Form completed by:	Sion Goldsmith	Date of Proposal:	8 th June 2012

PROJECT TYPE

Within Denbighshire's Project Management Methodology projects are broadly categorised into three types. Please mark a cross in the box that best describes your project.

BUSINESS DEVELOPMENT PROJECT – which is concerned with bringing about some form of organisational change e.g. new method of delivering a service, new software system, etc.	
CONSTRUCTION PROJECT – which is concerned with the creation of a new building or structure, or the significant alteration, refurbishment, extension or maintenance of an existing building or structure.	X
PROGRAMME – which is a collection of projects and other items of work managed coherently together e.g. maintenance schemes, grant schemes, highway repair and construction scheme, etc	

PROJECT SCALE

Different sizes of projects require different amounts of management control. Denbighshire's Project Management Methodology provides a matrix to assess the scale of your project (please see page 4 of the Project Management Handbook – Lotus Notes/Denbighshire Information Centre/Project Management/Project Management Handbook). Please mark with a cross your assessment of this project's scale.

Small		Medium	X	Large	
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BACKGROUND INFORMATION

This section should provide a brief description of the project/activity you propose to undertake and the reason it is required. You should assume that the reader has no background knowledge.

In January 2012, Leisure, Libraries & Community Development appointed Alliance Leisure Services Ltd as their development partner for the refurbishment and regeneration of a number of Leisure facilities within Denbighshire.

Under the framework, the development partner can provide a comprehensive package for a range of capital projects up to the value of £15,000,000. The partner would provide financing options that would fully fund any proposal without the need of utilising the Authority's capital programme. This would be based on the payment of a monthly fixed fee over an agreed period of time made affordable from revenue created by the new facilities. Facilities would be delivered, fully equipped and ready to operate before any payment commences.

The development partner would manage the project from concept to completion providing feasibility studies and robust business plans identifying and addressing all the costs. The development partner would provide project management services and act as the principal contractor coordinating the design, construction, commissioning and handover of the completed project. They would provide the relevant professional services associated with a design and build project.

Denbighshire's Leisure Services Department would continue to have operational control over any new development or refurbishment but would have continued operational support from the development partner in areas such as sales and marketing, branding, staff training and professional development of the scheme. The development partner would assist in reviewing and prioritising any future proposals in order increase profitability in the shortest possible time. Our goal is to work with our development partner in order to design, build and fund capital projects in Denbighshire and ensure that we deliver the right project, on time and within budget. Even during these challenging times we are committed to improving the facilities and services that we offer to our communities.

From the outset our first priority has been the development of Ruthin Leisure Centre. This centre is located on the grounds of Ysgol Brynhyfryd and the site shares its sports facilities with the school during term time. The school has approximately 1300 pupils. The site consists of a 25 metre swimming pool, a small all weather pitch, sports hall, gymnasium, small fitness room and a number of grass pitches.

Over the years Leisure Services has developed and refurbished a number of fitness suites across the portfolio. We now have state of the art, modern fitness facilities in Rhyl, Prestatyn, St. Asaph, Denbigh, Corwen and Llangollen. This has allowed the service to attract significantly more members and generate increased income. We currently have over 1750 members on direct debit paying between £22.50 and £29.50 per month. In order to increase our membership levels we need to continue to invest in our facilities. It means that customers under our membership can visit any of these sites and use the equipment without the Leisure Services incurring the costs of new inductions. It also standardises our services creating the same offer in all parts of the county.

Ruthin Leisure Centre has comparatively poorer facilities than the majority of our other leisure centres. Our design brief to Alliance Leisure was to provide details and costs associated with the design and construction of a fitness facility and dedicated changing area. The brief also asked them to consider creating a new reception entrance and associated viewing area for the swimming pool, development of a full size all weather pitch to replace the existing small pitch which in turn would be converted into a dedicated car park in order to serve the leisure centre.

A number of options have been discussed as part of our discussions and the views of both Ysgol Brynhyfryd and Modernising Education have been considered as part of the final design brief.

The site currently has just 40 members paying by direct debit. Other sites that have undergone a similar level of investment such as Denbigh and Rhyl significantly out perform Ruthin. Rhyl currently has 694 members and Denbigh has 544.

Alliance Leisure as part of their feasibility exercise commissioned the services of FMG Consulting in order to undertake a study into the opportunities arising from this investment. They evaluated the demographics of the area including the Ruthin population, the catchment population and the market segments. FMG used the Leisure Database Company (TLDC) and we opted for a 12 minute drive time (approximately 4 miles) as the core catchment area which resulted in a population of 11,400 adults and 1,090 young people aged between 10 and 17 years old. The TLDC has estimated the latent demand (desire currently not being satisfied) for improved fitness facilities at Ruthin Leisure Centre to be 679 adults – this is the total number of members they feel the centre could achieve. This does include an allowance of 102 for members who TLDC feel would travel from outside the 12 minute drive time. TLDC latent demands are reliable and accurate and used by all the leading private and public sector providers. The site currently has 40 members which compared to the latent demand demonstrates that the site is significantly under performing. This will be as a direct result of poor equipment, limited opening times (5pm – 10pm Monday – Friday / 10am – 4.30pm Saturday / Sunday), quality of support accommodation such as changing and the difficulties of developing a marketing strategy for such a poor product.

Although the feasibility exercise suggests that there is a latent demand of 679 for the provision of improved fitness facilities we have discussed this further with our partners and having looked at the number of memberships across our portfolio we feel that it would be more prudent to base our business case on a membership of 475.

Again, Alliance Services engaged FMG Consulting to look at our design brief to replace the existing 600M2 all weather pitch which is over 10 years old with a new full sized 6,000m2 pitch. In order to establish demand they used the Sport England Sports Facility Calculator based on the catchment population of 12,500 people which calculated there should be a demand of 0.36 full size pitches or 2,160m2. Other management tools confirmed that the site would only require a maximum of a half sized pitch to meet demand.

There are three sites within a 20 minute drive of Ruthin's all weather pitch providing a total of approximately 20,000m2. These are all sand based surfaces which are multi functional. A 3G (third generation) playing surface would make the facility stand out from other sites and possibly generate better income levels but a 3G pitch limits the range of activities on offer as usually they are only fit for football, rugby and some level of hockey provision. This would limit the opportunities for the school who would also want to deliver netball and tennis from these facilities. The demand for a full size pitch rather than a half size pitch (as recommended by Alliance) is driven by the needs of Ysgol Brynhyfryd to improve PE provision on the site.

Indicative costs of £1,287,000 have now been provided by Alliance Leisure Services Ltd for this whole development.

This project will be based on affordability and sustainability. Leisure, Libraries & Community Development will be required to borrow this money through both prudential borrowing and finance through our development partner. Our framework is based a maximum of 75% gap funding which means that we are contracted to borrow at least 25% of the overall costs through Alliance Leisure Services Ltd but can find the other 75% through capital contributions or prudential borrowing through the Authority. The benefits of having this opportunity to gap fund is that currently the Authority can borrow at rates between 1.6% and 3.4% depending on the term. This is far more competitive than the rates currently available through our development partner.

The site currently has 40 members. Our business case will be based on 475 therefore we will need to attract an additional 435 members across the service. This equates to an additional annual income of £106,140 NET based on the average NET individual membership cost of £244 per year.

The income for the existing all weather pitch at Ruthin Leisure Centre is approximately £16,000. Again, from experience of our other all weather pitches in our portfolio we have set an income target of £28,000 NET which is based on the income derived at similar facilities such as Denbigh Leisure Centre. This means that we would expect an additional income of £12,000 per year.

In our first year we have projected an extra 435 new members which would give us the 475 members outlined in this business case. This would amount to an annual income of £106,140 on memberships and combined with the £12,000 additional income from the AWP a total of £118,140. This increased income would be used to finance the borrowing levels required to deliver this project.

All the fitness equipment (Technogym) will be financed over a five year period with an annualised payment of £18,905 and over the 5 years a total of £94,525. All of this equipment cost would be prudentially borrowed as Leisure Services has a framework agreement in place with Technogym to purchase equipment at significantly discounted levels.

The build costs for the fitness suite, changing area, reception and car park will need to be financed over 20 years and will be a combination of prudential borrowing and finance through Alliance. This will be split on a 75 / 25 split. This would result in a annualised payment of £53,082 based on a combination of Prudential borrowing (75% - £34,355) and Alliance Leisure finance (25% - £18,727)

The all weather pitch will be funded slightly differently to other elements of this project and have a combination of prudential borrowing and Alliance finance but over different terms. The reason for this is that usually an all weather pitch surface has a life span of approximately 10 years and after this the service would usually look at replacing the surface. The surface base, fencing, lighting etc has a much longer life. For these reasons we would borrow over two different terms and would be financed through prudential borrowing over 15 years at £29,516 and Alliance finance over 10 years at £14,350. The total annualised borrowing would be £43,866.

Under normal circumstances, any capital spend that has a positive impact on the school PE activities would be subject to an agreed contribution from the associated high school under the dual – use agreement. As a result of the development of a full sized all weather pitch, Ysgol Brynhyfryd would usually have contributed 34% of the prudential borrowing costs of this element of the project which in this instance would equate to £14,914.

In summary, the income levels projected by this development are approximately £118,140 per year. The expenditure on borrowing is forecast at £115,583 resulting in a surplus of £2,287 per year. This allows a small element of contingency and the opportunity to re-invest in replacement or upgrading of equipment.

There will be no increased staff costs associated with the development of this scheme. A staff structure is already in place and the service will be moving resources from other areas of their business to meet this anticipated increase in demand. There may however be some costs associated with increased energy consumption / NNDR although this will potentially be offset by a number of energy efficiency measures currently being undertaken at the site. There is also a budget already allocated for the maintenance of the existing all weather pitch and energy costs.

We have been prudent with our income forecasting basing the targets on comparable income generated at similar sites throughout Denbighshire. The latent demand identified by Alliance Leisure Services through their consultants identifies the potential for the fitness suite as 679 members. We have based our forecasts on a maximum of 475. Alliance Leisure as part of their service will work with the Authority to maximise membership as quickly as possible and if we achieve this 679 membership level as suggested, the Authority would generate a further £49,776 based on an individual annual membership of £244 NET income per membership.

This is a major development of Ruthin Leisure Centre with benefits to both the community and pupils of Ysgol Brynhyfryd. The project requires financial approval from Strategic Investment Group and Cabinet for total funding of £1,287,000 over terms varying from 5 to 20 years depending on the different elements of the project. This approval will allow the site to grow and offer the same services that other towns within Denbighshire currently benefit from. The service will be able to deliver GP referral sessions and Cardiac Rehabilitation programmes which the site has never been able to deliver before and is common practice throughout the rest of the Authority.

For summary of income and cost estimates please see appendix 2.

OUTPUT/PRODUCT

The output/product should always be something tangible and physical:

- For **Business Development projects where there is no capital investment**, the output/product will be the result of project e.g. a policy or strategy document, a re-structured organisation, an event.
- For **Business Development projects where there is a capital investment requirement** the output/product will be what is actually purchased with the funding e.g. a new software system.
- For **Construction projects**, the product/output will always be some type of building or structure, and it is helpful if this section of the Project Proposal form can include a brief description of the building giving an indication of the proposed size and use if known.

This development will create a new full size all weather pitch with associated flood lighting and security fencing. The Development will also create a new reception area with viewing into the swimming pool, a set of wet and dry changing areas and a modern 25 station, Technogym fitness suite with dedicated car parking for leisure centre customers.

As part of this there will also be the Wellness application which allows customers to track their own fitness, prescribe exercise programmes and monitor performance. This is part of the overall fitness experience that we want to embed across all of our sites. It enhances the leisure experience and is a valuable tool for increasing and retaining membership.

The construction project will build further capacity to improve PE provision at Ysgol Brynhyfryd and provide facilities fit for the 21st century.

For proposed layout please see appendix 1.

BENEFITS

The benefits are the quantifiable and measurable improvement resulting from completion of the project/activity outputs detailed above. All projects/activity should deliver some benefits, and consideration should be given to economic, environmental, social and business benefits.

Environmental

The completed project would result in a significant improvement in the standard of accommodation for both the school and leisure centre. The facility is not conducive to sport and has a considerable impact on the image of Leisure Services and Denbighshire County Council.

Social

Higher standards across the whole school through PE, sport and other forms of structured activity as set out in school improvement / development plans.

Better opportunities to increase the levels of physical activity among the school age population and, more generally, local communities supporting the health recommendation for levels of physical activity for young people and adults.

Improved collaboration, co-operation and partnerships between schools and their communities – more emphasis on community focused schools

Economic & business benefits

In addition to the considerable educational benefits, a new fitness suite and full sized all weather pitch would give the leisure centre the opportunity to promote a facility that is fit for purpose and in turn encourage greater levels of physical activity and sports participation throughout the entire community.

As well as increasing attendance levels, the facility would also generate an increased income from hires or structured activities provided by the leisure centre. The purchase of this equipment and minor refurbishment of this area will increase the benefits to our customers so that there is a standard fitness offer across Denbighshire. By providing better facilities we are able to increase our overall membership and generate increased income levels. The equipment is of a higher standard than we currently have at any of these sites and will encourage more people to participate in health and well – being activities.

PERFORMANCE INDICATORS

Performance Indicators are measures of success which can be used to assess whether the benefits (NOT the output/product) detailed above have been delivered. Where appropriate, these indicators should relate to those detailed in the relevant Directorate and/or Service Business Plan.

Performance Measure/Indicator	Current Baseline	Target (2013)	Target (2014)	Target
Ruthin Leisure Centre Fitness memberships (cash payment & direct debit)	40	375	475	

KEY STRATEGIC DOCUMENT

In which one key strategic document is this project referenced? For example, all construction projects should be detailed in the relevant Service Asset Management Plan (SAMP). Business improvement investment should be detailed in the Service Business Plan or Denbighshire's Improvement Plan.

Leisure, Libraries & Community Development Asset Management Plan 2011/12
Business Plan
Leisure Strategy

OVERARCHING AIMS / CORPORATE PRIORITIES

This section should identify how the project/activity supports Denbighshire's overarching aims and/or corporate priorities

This project contributes directly towards supporting the Corporate Priority of Modernising Education through Provision of and improvement to the quality of the learning environment at Ysgol Brynhyfryd

The proposed work would meet a number of Denbighshire's aims and corporate priorities.

The **Modernising Education report by Cambridge Education in September 2007** report stated:-

29. 'there are many areas where there is a need to improve conditions for teaching and learning. A review of Estyn reports on Denbighshire's high schools shows a number of examples of poor accommodation being raised as important factors in constraining the quality of teaching and learning, with also several references to health and safety issues. Poor facilities for PE, for instance, are connected to low standards.'

The refurbishment of this facility is fully consistent with the Service Asset Management Plan and our Leisure Strategy outcomes of providing high quality settings in which to enjoy leisure activities and increasing the number of participants.

The facility plays a key role in achieving the Health and Well Being, Community Safety, and Children's and Young People themes of the community strategy.

DCC vision states that:-

- We will invest in our schools in order to sustain high standards of educational attainment to meet the needs of pupils and the wider community and the economy.
- People across the County will take responsibility for their own health and well being, they will be fully aware of the benefits of taking regular exercise and eating well. More adults and young people will participate in sport and physical activity.
- There will be a range of sports activities for all age groups to help us stay fitter and healthier.

We will offer a high standard, year round set of attractions and activities.

The proposed work would also meet the targets in our Service Business Plan of:-

- Increased participation within inactive and active children.
- Reduce the number of inactive adults
- Provide facilities that are fit for purpose and meet customer needs and aspirations.

Our Service plays a key role in delivering the outcomes of the BIG Plan specifically outcome 1 helping older people lead independent and fulfilled lives and outcome 6 of ensuring people in Denbighshire have healthy lifestyles. Improved facilities increase participation levels, offer more opportunities to engage older people through GP referral sessions, cardiac rehabilitation programmes or activities developed for the older market.

Our Leisure Strategy sets out our vision and commitment to improve access to high quality settings in which to enjoy leisure activities. One of our key actions within this strategy is to continue to invest in the health and fitness facilities at our leisure centres in order to improve the quality of provision for both our school PE and community. This strategy has been endorsed by the Authority and is seen by many of the newly elected Ruthin members as an important strategic project for Ruthin.

STATUTORY REQUIREMENTS / HEALTH & SAFETY

This section should identify how the activity will help Denbighshire meet any of its statutory requirements. Please include any Health & Safety issues that the activity will address in this section. Please leave blank if not applicable.

The existing fitness equipment at Ruthin Leisure Centre is over 8 years old and is more susceptible to defects. This means that there is more risk of injury to the users. The equipment is also used by pupils of Ysgol Brynhyfryd and does not have the same safety standards as more modern equipment that we have at other sites.

The equipment at Ruthin is in poor condition and will require remedial action if the proposal is not approved. A number of pieces of equipment have already been put out of action.

Although the surface on the existing all weather pitch is in reasonable condition there are areas that are showing signs of wear. The carpet has been down for over 10 years. Usually carpets are replaced between 10 – 12years depending on the amount of use. This surface will need to be replaced within the next two years.

If we fail to act and improve facilities in Ruthin our reputation and profile as a high performing council could be tarnished amongst the population of Ruthin and surrounding area. We need to ensure we provide the same standard of facilities in Ruthin as we do throughout the rest of the county.

TIMESCALES

This section should outline the desired timescales for the activity. It should include all gateways and other key milestones including when the project/activity is proposed to commence and when the project/activity will be complete (and the output detailed earlier achieved).

Date	Milestone
18/062012 – 02/10/2012	PROJECT START Design & Development SIG & CABINET APPROVAL Pre – construction. Receipt of tender returns, evaluation, interviews. Award Construction contract. Surveys & investigations. Design development to planning. Design freeze. Client sign off.
07/2012	Statutory approvals – planning consent / Building Regulation submission.
02/10/2012 – 26/03/2013	Construction Mobilise construction team, site set up. Phase 1 - new entrance, fitness suite, changing and car park. Phase 2 – new all weather pitch
06/03/2012 – 26/03/2012	Staff development, training & marketing support
26/03/2012	HANDOVER

PARTNERSHIP WORKING

Please provide details of any consideration you have made for working in partnership (with other local authority or public sector organisation, voluntary or private sector organisation) to deliver this activity:

The project will benefit the pupils and staff at Ysgol Brynhyfryd by improving PE provision on the site. The development will also create more opportunities to work with more voluntary sports clubs and associations. There are further opportunities to develop partnership working with NHS trusts to deliver GP referral sessions and a cardiac rehabilitation programme.

BIODIVERSITY IMPACT

Please consult with Denbighshire's Biodiversity Officer before completing this section:

kate.taylor@denbighshire.gov.uk

The Council has a statutory duty to ensure compliance and enforcement of the habitats regulations (as amended in 2007) and the NERC Biodiversity Duty (2006). At this pre-feasibility stage, what is the anticipated impact on biodiversity of the project. Please mark a cross in the appropriate box.

Will this project impact on a habitat that supports living organisms (plant or animal)?	Yes		No	X
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If you have answered yes to the above question, please complete all the following biodiversity sections. If answered no please leave blank

THREATENED/PROTECTED SPECIES Will this project impact on any protected or threatened species as defined in Denbighshire's Local Biodiversity Action Plan (LBAP)?	Yes		No	X
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ALL SPECIES (including threatened/protected) Forecasts:	Current number	Post-project number	Variance (+/-)
Number of plant species present:			
Number of animal species present:			
TOTAL NUMBER OF SPECIES PRESENT			

Please provide brief details of the action you will be taking in association with this project to protect or enhance biodiversity. Specific reference should be made to the mitigation strategy if the project impacts on any protected or threatened species as defined in Denbighshire's Local Biodiversity Action Plan (LBAP).

CAPITAL COSTS – BUSINESS DEVELOPMENT PROJECTS

COMPLETE ALL THREE TABLES BELOW FOR BUSINESS DEVELOPMENT PROJECTS
LEAVE BLANK/DELETE SECTION FOR CONSTRUCTION PROJECTS

The capital cost of a project is an important consideration in terms of whether or not it should proceed. Note that even some Business Development Projects may have a requirement for capital costs, for example to fund the acquisition of new ICT hardware or undertaking alterations to buildings.

- Any costs relating to ICT infrastructure and equipment should have been provided by ICT department.
- Any costs that relate to construction should have been provided by Design & Development or Building Services.

Please provide details of any capital funding that has already been spent on the project:	
Enter details of cost element below:	Total
Feasibility (surveys, market research, etc)	
Client side project management	
OTHER (please enter)	
OTHER (please enter)	
TOTAL	

Please provide details of the capital funding requirement (not including amount already spent):				
Enter details of cost element below:	2011/12	2012/13	Future Years	All Years Total
Feasibility (surveys, market research, etc)				
Client side project management				
ICT infrastructure and hardware				
Building alterations				
Design Team Fees (architects, QS, etc)				
Furniture				
Other professional support (legal, etc)				
Marketing/Consultation				
External Project Support (gateway review, etc)				
OTHER (please enter)				
OTHER (please enter)				
OTHER (please enter)				
OTHER (please enter)				
OTHER (please enter)				
OTHER (please enter)				
TOTAL				

Please provide details of proposed capital funding sources					
Enter details of funding source	Status:	2010/11	2011/12	Future Years	TOTAL
TOTAL					

NOTE: For funding status, please only use the following categories:

Approved –written approval for the funding exists

Applied – no written approval exists but an application has been made

Approached – initial approach to or by funding body has been made but no application submitted

None – no contact or approach has been made to or by the funding body

CAPITAL COSTS – CONSTRUCTION PROJECTS

COMPLETE ALL THREE TABLES BELOW FOR CONSTRUCTION PROJECTS
LEAVE BLANK/DELETE SECTION FOR BUSINESS DEVELOPMENT PROJECTS

The capital cost of a project is an important consideration in terms of whether or not it should proceed.

- Any costs relating to ICT infrastructure and equipment should have been provided by ICT department.
- Any costs that relate to construction should have been provided by Design & Development or Building Services.

Please provide details of any capital funding that has already been spent on the project:	
Enter details of cost element below:	Total
Feasibility (surveys, market research, etc)	
Client side project management	
OTHER (please enter)	
OTHER (please enter)	
TOTAL	

Please provide details of the capital funding requirement (not including amount already spent):				
Enter details of cost element below:	2011/12	2012/13	Future Years	All Years Total
Feasibility (surveys, market research, etc)				
Client side project management				
Land/property acquisition				
Land preparation/remediation				
Demolition and/or site security				
Construction, refurbishment or maintenance	£1,287,000			
BREEAM rating of "Excellent"				
Security measures (CCTV, door entry, etc)				
Fire prevention measures (sprinklers, etc)				
External landscaping and other works				
Land/property acquisition				
Highways work				
ICT infrastructure and hardware				
Fixtures & fittings				
Furniture				
Planning/Building Regulation Costs				
Design Team Fees (architects, QS, etc)				
Legal Costs and Fees				
Marketing/Consultation				
External Project Support (eg gateway review)				
OTHER (please enter)				
OTHER (please enter)				
OTHER (please enter)				
OTHER (please enter)				
TOTAL	£1,287,000			

Please provide details of proposed capital funding sources					
Enter details of funding source	Status:	2011/12	2012/13	Future Years	TOTAL
Prudential Borrowing	APPLIED	£988,000			
Development Partner Finance	APPLIED	£299,000			
TOTAL		£1,287,000			

REVENUE COST IMPACT

TO BE COMPLETED FOR ALL PROJECTS

In considering whether a project should be developed due regard should be made to the potential impact on revenue budgets.

If the activity will result in a requirement for additional revenue funding, please provide details below:			
What is the impact of this project in terms of the <u>annual</u> revenue requirement for:	Existing Revenue Budget	Post-project Revenue Budget	Increase/ Decrease
staff costs (salaries and associated)			
energy costs (heating, lighting, ICT, etc)			
property maintenance and servicing costs			
other property related costs (rental, insurance, etc)			
ongoing ICT costs (licences, etc)			
mileage of Denbighshire fleet vehicles			
mileage for business travel by Denbighshire employees using their personal vehicles			
OTHER (please enter)			
OTHER (please enter)			
OVERALL REVENUE REQUIREMENT			

Please provide brief details of the revenue impact of this project:

- *Where revenue savings are forecast, you should detail what is proposed for the saving (e.g. reduction of an existing revenue budget, re-allocation of revenue to alternative services area, etc)*
- *Where revenue increases are forecast, you should provide details of how the revenue shortfall will be addressed. In this instance you should also append a three year surplus/deficit forecast.*
- *Details of any one-off revenue cost requirements that may be required post-project implementation (e.g. recruitment, redundancies, etc). DO NOT include any costs detailed in the capital section of this Business Case*

There will be no increased staff costs associated with the development of this scheme. There is already a staff structure in place and as part of the development the service will reallocate resources from other areas of their business to meet this anticipated increase in demand. There may be some costs associated with increased energy consumption / NNDR although this will potentially be offset by a number of energy efficiency measures currently being undertaken at the site. There is also a budget already allocated for the maintenance of the existing all weather pitch and energy costs.

The total cost of this project is £1,287,000

This capital expenditure requires a prudential borrowing sum of £988,000 over varying terms. As part of the framework agreement the service is required to borrow the balance through Alliance Leisure Services Ltd. This would be for £299,000 over 10 years for the all weather pitch carpet & 20 years over fitness suite / car park.

The site currently has 40 members. We forecast that the facility will attract 475 members generating income from an additional 435 members generating an income of £106,140.

The existing all weather pitch currently generates £16,000. We forecast that this new facility will generate a further £12,000 per year based on similar sites within our portfolio.
For a summary breakdown please see appendix 2.

CARBON MANAGEMENT IMPACT

Please consult with Denbighshire's Climate Change Officer before completing this section:

helen.burkhalter@denbighshire.gov.uk

Denbighshire has committed to reducing its carbon emissions by 33% by 2020. The Business Case requires you to make a forecast for the anticipated carbon emissions impact of the project. Please mark a cross in the appropriate box.

Forecasts:	Annual (current)	Carbon Equivalent	Annual (Post Project)	Carbon Equivalent	Carbon Variance
Energy consumption: (UNIT = kWh)					
Mileage of Denbighshire Fleet vehicles: (UNIT = miles travelled)					
Tonnes of waste produced going to landfill: (UNIT = tonnes)					
Tonnes of waste produced being recycled: (UNIT = tonnes)					
Mileage of Business Travel (personal vehicles): (UNIT = miles travelled)					
TOTAL CARBON EMISSIONS					

Please provide brief details of the carbon impact of this project, and detail specific actions that will be taken to reduce carbon emissions. If carbon emissions are expected to increase as a result of this project, please provide details of proposed actions to compensate for this increase in other area's of the Service's activity.

RISK ASSESSMENT

Assuming that the activity detailed in this Business Case is approved, please assess the level of risk associated with delivering the project in the key areas detailed below by ticking the appropriate box.

Risk description	Low	Med	High
Risk that costs will escalate and the project/activity will not be delivered within the funding detailed within this Business Case	X		
Risk that the project/activity will not be completed within the timescales detailed in this Business Case	X		
Risk that the project/activity will not deliver the same output/product specification detailed in this Business Case	X		
Risk that the benefits detailed in this Business Case will not be realised on completion of the project/activity	X		

Please provide brief details of any other specific risks associated with the development and delivery of this project.

Our development partner, Alliance Leisure Services Ltd will provide a fully costed proposal that the Authority will assess on the suitability and merits of the scheme. If approved, they will provide a fixed cost for the scheme which under the call off contract will be the capital sum the Authority will need to finance. There will be a small contingency built into the programme but any deviations from the agreed capital sum will be borne by Alliance Leisure Services Ltd.

Under the framework agreement Alliance Leisure are also committed to driving up our membership sales in line with agreed targets. They would provide sales and marketing teams at no cost to the service in order to meet these targets. Monthly finance payments would be withheld if these targets are not achieved.

OPTIONS APPRAISAL

This is a high level analysis of two possible alternatives that have been considered. The first option is to “do nothing” – i.e. what would be the consequence of not carrying out the activity? In the second option consideration should be given to an alternative way of delivering the previously detailed project/activity benefits.

Option title:	Do nothing – maintain the existing situation				
Please provide brief details:					
Continue to deliver our services from the existing facilities.					
Please mark with an X how this option compares with the preferred option in terms of Cost, Time, Quality and Benefits:					
Costs	Costs more		Time	Takes longer to deliver	
	Costs the same			Takes the same to deliver	
	Costs less	X		Is quicker to deliver	X
Quality	Improves the quality		Benefits	Improves benefits	
	Is the same quality			No impact on benefits	
	Is a lower quality	X		Worsens benefits	X
What is the main reason this option has not been selected?					
<p>This option does not improve our service delivery. The purpose of the development is to invest in our facilities in order to offer better services to our communities, standardise our leisure offer across the Authority and replace outdated poor quality equipment in order to promote more participation and improve health and wellbeing in Denbighshire.</p> <p>The existing equipment will continue to deteriorate. We will continue to get complaints from service users. Our costs for repair and maintenance on this old equipment will continue to rise. There will be no standardised offer across Denbighshire. We will be restricted in having opportunities to maximise our income levels. The current all weather pitch surface and fencing will need replacing within the next two years.</p> <p>There would be no opportunity for business growth and as the school is not part of the 21st Century School Improvement programme there would be no improvements to PE provision on the site.</p>					

Option title:	Develop a fitness facility and just re-surface existing all weather pitch				
Please provide a brief description of this option:					
Reduce the size of the scheme and develop a fitness suite with associated reception and changing area. Resurface the existing all weather pitch surface and replace fencing and rebound boards. Possibly replace lighting.					
Please mark with an X how this option compares with the preferred option in terms of Cost, Time, Quality and Benefits:					
Costs	Costs more		Time	Takes longer to deliver	
	Costs the same			Takes the same to deliver	
	Costs less	X		Is quicker to deliver	X
Quality	Improves the quality		Benefits	Improves benefits	
	Is the same quality			No impact on benefits	
	Is a lower quality	X		Worsens benefits	X
What is the main reason this option has not been selected?					
The existing all weather pitch is small and does not meet the needs of the community or the school for the delivery of the PE curriculum. Also, the area where the existing all weather pitch is located has been identified as the most suitable place for the new build facility and car parking area.					

PROCUREMENT STRATEGY

If the project involves any financial expenditure, please provide details of how you intend to procure the services/goods/works

In January 2012 Cabinet approved the appointment of Alliance leisure services as our development partner. Alliance will provide project management services and act as the principle contractor coordinating the design, construction, commissioning and handover of the completed project. They would provide the relevant professional services associated with a design and build project.

BUSINESS CONTINUITY

Please provide any details of how this project might/will impact on business continuity and/or disaster recovery plans

The construction will have some impact on the existing all weather pitch as this is the area that will be developed for the new entrance and fitness facility. The rest of the operation will continue during the development. There will be little impact on the school and leisure centre although the school will need to programme their activities in accordance with the building programme.

SUPPORTING INFORMATION

Please list any supporting documents that accompany this Business Case

Identified in Leisure Services Asset Management Plan (Available upon request)
Leisure Service Business Plan (Available upon request)

Please provide any further information that you feel helps support this Business Case:

Rather than find efficiencies from reducing opening times or reducing staff numbers our strategy is based on growth and this will be achieved by providing better facilities in order to attract increased memberships and increased income levels. We have done this successfully over the last three years and year on year reduced costs whilst maximising income. Income generated at leisure centres has increased by 5.4% compared with the previous year whereas costs have reduced by 6.1%. The leisure centre subsidy per user is £0.58, the lowest in Wales.

Leisure Services has invested in many other facilities over the last 10 years to improve the visitor experience and develop facilities and programmes that are fit for the 21st century. Ruthin Leisure Centre is the last of our properties to have investment focused on improving the fitness offer and this development will standardise our service across Denbighshire as well as offer more opportunities to the community.

The service continues to grow its business and invest in facilities that have a direct benefit on community and PE provision. The scheme has full local member support and is seen as a strategic development for the town.