

# CAPITAL INVESTMENT BUSINESS CASE

Plymouth Life Centre – Life Cycle Maintenance and Improvement



## PURPOSE OF BUSINESS CASE

To request that £1,500,000 be added to the capital programme funded by the Plymouth Life Cycle (PLC) Maintenance Fund Reserve.

To approve the allocation of £2,475,505 to the capital programme, financed by Corporate Borrowing, to fund the enhancements outlined in this report.

## BRIEF DESCRIPTION OF PROJECT

Plymouth Life Centre was designed and constructed by Balfour Beatty Construction Limited (BBCL) and opened in March 2012. Since its opening it has been managed by Sports & Leisure Management Ltd (SLM).

The leisure management contract was awarded for 10 years with an expiry date of March 2022. Responsibilities for the maintenance of the PLC, is a part repairing lease, with clearly defined areas of responsibility for SLM and PCC. PCC has responsibility for the replacement of end of life assets (life cycle).

BBCL are on site carrying out remedial works, with the programme currently on target for completion end of March 2021.

In addition to the remedial works being undertaken by BBCL, the Council has identified a number of enhancements that it would like to make to the building. In consultation with SLM, Arcadis, PLC stakeholder groups and Council Leisure Services Management, a schedule of enhancement works has been developed. BBCL have been asked to provide costs for the completion of these works and this paper sets out the main items of expenditure and the associated request for capital funds to undertake them.

The table below provides a summary of the enhancements:

Works Description	Business Driver						Budget
	Covid Compliance	Health & Safety	Income Generation	Invest to Save	Carbon Neutral	Enhanced Customer Experience	
Upgrade to ventilation and air conditioning systems for the whole building (ionisation filter system)	X	X					£535,805
One storey extension to the entrance atrium to provide more space for	X	X	X			X	£350,000*

circulation, catering and / or retail							
Upgraded lighting to LED in pool hall, change village and male and female gym change		X		X	X	X	£510,000
Replacement of all cubicles, lockers and decoration in male and female gym change	X		X			X	£117,232
Decoration and upgrades to fixtures, furnishings and equipment e.g. Additional pool hoists for disabled access		X	X			X	£221,548
Creation of new yoga studio beside 1 <sup>st</sup> floor gym area			X			X	£20,000
Contingency at 10%							£175,459
<b>Total Betterment Budget</b>							<b>£1,930,044</b>
Professional fees and costs attributable to completion of works, forecasted to the end of the project							£545,461
<b>Total Capital Requested</b>							<b>£2,475,505</b>

\* Provisional sum as we are awaiting final design proposal and costs from WS Atkins and BBCL. It may not be feasible to complete these works within the programme schedule.

In terms of original funding to construct the PLC, PCC provided the majority of capital, alongside contributions from a number of partner agencies. One of those agencies was Sport England, which contributed £1.9m towards building costs.

The capital funding provided by Sport England had conditions attached to it. One of those conditions required PCC to create a Life Cycle Maintenance Fund (LCMF) for the PLC. As a result PCC set-aside £150k per annum to fund LCMF. There is now a total of £1.5m in the LCMF and it remains intact with no expenditure over the 9 years of the leisure management contract.

Sport England has retained £199k of grant funding whilst awaiting practical completion of the PLC. As a result of the ongoing issues with required work and negotiations with BBCL, practical completion has never been finalised and the remaining grant funding has not been drawn down. BBCL have agreed a specification to undertake full remedial works to the PLC and are currently on site. Following completion of the necessary remedial works, a completion certificate will be issued and this will enable the remaining grant funding to be accessed.

LCMF funds are held as distinct reserves and are ring-fenced, meaning they can only be used to fund appropriate life cycle costs at the PLC. Consequently, a separate cost code will be created to record any expenditure against the LCMF, as these are different from the enhancement works being undertaken by BBCL. This will provide a clear audit trail for the allocation and expenditure of the LCMF funding.

PCC has the opportunity to undertake a number of key life-cycle and enhancement works whilst the main contractor is on site and the facility is closed. Therefore, this paper is requesting that the LCMF be accessed to undertake appropriate end of life (life cycle works) during this period, in addition to further enhancement works funded by an additional capital programme allocation. The funds will be drawn down in accordance with the Council's standing orders, and will be informed by a condition survey and Pre-Planned Life Cycle Schedule.

### ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

Do nothing. Rejected as this is a key public building in which PCC has a significant investment. Remedial works are underway and this provides an appropriate opportunity to make enhancements to the PLC. A number of legitimate life-cycle requirements and enhancements have also been identified that could be funded through the LCMF budget.

Fund any necessary life-cycle requirements through revenue.

Rejected as this is unnecessary given that £1,500,000 of funding is ring-fenced in distinct reserves for this specific purpose. Revenue budgets are already under significant pressure.

### KEY RISKS:

Funding for the life cycle maintenance is already held as ring fenced reserves. No new revenue or capital funding is requested with respect to life cycle maintenance works. Enhancement work carried out during the necessary closure of the PLC minimises the risk of further closure and resulting impact on revenue, and customers and stakeholders.

### MILESTONES AND DATES:

Immediate drawdown.

### FINANCIAL IMPLICATIONS

The Life Cycle Maintenance Reserve was created as a condition of funding provided by Sport England. The reserves are distinct and to be used only for the purposes of life cycle maintenance works at the site.

### RECOMMENDATION

It is recommended that the Leader of the Council:

- Note the content of this business case update
- Allocates £1,500,000 for the project within the Capital Programme funded from the Life Cycle Maintenance Fund Reserve

- Delegates the access to the fund to the Strategic Director for People, in conjunction with the Cabinet Member for Sport and Leisure in line with Council Standing Orders
- Approves the allocation to the capital programme of £2,475,505 financed by Corporate Borrowing to fund the enhancements outlined in this report