

# CAPITAL INVESTMENT BUSINESS CASE

*Plymouth Sound National Marine Park – Tinside Lido Renewal*



## EXECUTIVE SUMMARY

*The Executive Summary is a short summary of the Business Case and should be the last section you complete, this will enable you to extract or only the key facts from relevant sections i.e. 'project on a page'. The summary is a 'snapshot' of the business case which will need to tell the story and sell the proposal.*

Tinside Lido is an important and iconic leisure asset for the city and forms one of three key 'Gateways' into the Plymouth Sound National Marine Park.

Plymouth City Council is working with partners and grant funders to develop a wider National Marine Park programme currently forecast at £19.343m, the Tinside Lido is part of this.

This business case seeks permission to accept a Youth Investment Fund (YIF) capital grant of £1,803,034 and, also, allocate £1,180,000 (made up of £530,000 for repairs to buildings including £400,000 for Mechanical & Electrical (M & E) Plant end of life replacements, plus a £250,000 contingency) from PCC's FM 'Improvement to the corporate estate' fund programme towards the £3,241,337 total cost of the proposed improvements to Tinside Lido.

Finally, the YIF grant includes £442,590 revenue. (Please note that reference to the revenue is for information only, as not relevant to this capital business case)

The proposed improvements will help transform Tinside Lido's customer offer and experience, by investing in the repair and refurbishment of:

- Underused, first floor of the main Lido building (Listed), to create a multi-purpose space and associated café/bar, for use by the community, particularly to enable youth progression activities.
- The single-storey building ('Building B'), located between the Lido pool and Tinside Cove (also Listed), to bring it into use as a youth outreach/watersports hub.

Together, the improvements will enable community use of the Lido, in particular youth workers to engage with and support young people/adults to build confidence, develop skills, undertake marine-related training and learn about blue sector career opportunities in Plymouth.

PCC's match funding contribution will deliver the following essential repairs:

Reception area and minimum refurbishment	£150,000.00
Terrace / waterproofing	£320,000.00
Railings	£60,000.00
M & E Plant end of life replacements	£400,000.00
Contingency	£250,000.00
<b>Total:</b>	<b>£1,180,000.00</b>

*The key risks are:*

Programme - the YIF grant delivery programme is tight, so we must ensure early completion of RIBA Stage 4 designs and the procurement of a suitable delivery team/contractor.

Inflation - current construction cost inflation is exceptionally high, so mitigate this risk we have included a significant contingency budget.

## SECTION I: PROJECT DETAIL

<b>Project Value (indicate capital or revenue)</b>	<b>£2,983,034</b>	<b>Contingency (show as £ and % of project value)</b>	£250,000 (8%)
<b>Programme</b>	Youth Investment Fund	<b>Directorate</b>	Place - ED
<b>Portfolio Holder</b>	Councillor Tudor Evans	<b>Service Director</b>	Anthony Payne
<b>Senior Responsible Officer (client)</b>	David Draffan	<b>Project Manager</b>	Patrick Knight
<b>Address and Post Code</b>	Tinside Lido	<b>Ward</b>	St Peter and the Waterfront

**Current Situation:** *(Provide a brief, concise paragraph outlining the current situation and explain the current business need, problem, opportunity or change of circumstances that needs to be resolved)*

Tinside Lido / swimming pool is a Grade 2 Listed art deco building, built in the 1930s, located on Plymouth's iconic Hoe foreshore. The Lido was closed in 1992; however, following its extensive refurbishment it was reopened in 2003. In April 2023, the Lido was taken back (from the private sector) into a PCC local authority trading company, called Plymouth Active Leisure (PAL).

The Lido is a popular, outdoor swimming venue; however, in recent years it has suffered from a chronic lack of investment, undermining its offer and long-term sustainability. Significant parts of the Lido building have remained vacant and unused, including the main building's upper terrace and first floor, together with the single-storey building (also Listed) located between the Lido pool and Tinside Cove.

The importance of the Lido has recently been underlined, as the Hoe Foreshore has been selected as one of three key 'Gateways' into the emerging Plymouth Sound National Marine Park (NMP), which aims to promote safe, physical access for Plymothians and visitors alike to being by, on, in and under the waters' of Plymouth Sound. The ultimate vision is that 'Our National Marine Park will value the environment, heritage and economy of Plymouth Sound and its estuaries. It is where people and planet will come together to realise a new, sustainable relationship with the sea.'

This business case seeks to utilise £1,803,034 of YIF capital grant and, also, allocate £1,180,000 (made up of £530,000 for repairs to building and a £400,000 for M & E Plant replacements from PCC's FM 'Improvement to the corporate estate' fund programme, plus a £250,000 contingency), towards the total cost of the proposed improvements to Tinside Lido.

**Proposal:** *(Provide a brief, concise paragraph outlining your scheme and explain how the business proposal will address the current situation above or take advantage of the business opportunity) and (What would happen if we didn't proceed with this scheme?)*

PCC has recently secured a Youth Investment Fund (YIF) capital grant of £1,803,034 towards the refurbishment of Tinside Lido.

The YIF grant will enable PCC to complete the following built improvements (for which Planning permissions have been sought), which will help transform Tinside Lido's customer offer and experience:

- Refurbish the underused, first floor of the main Lido building (Listed) as a multi-purpose space and associated café/bar, for use by the community, particularly to enable youth progression activities.
- Refurbish the single-storey building ('Building B'), located between the Lido pool and Tinside Cove (also Listed), to bring it into use as a youth outreach/watersports hub.

Together, the improvements will enable youth workers to engage with and support young people/adults to build confidence, develop skills, undertake marine-related training and learn about blue sector career opportunities in Plymouth.

The YIF grant is for £1,803,034 capital and £442,590 revenue. (Please note that reference to the revenue is for information only, as not relevant to the capital business case but still needs to be accepted.)

The revenue grant of £442,590 will be spent concurrently with the capital over the same period. Whilst the capital works are being progressed the revenue grant will fund the staff and youth work activities that will take place at different sites across the city in order to develop the user group and Ocean Hub activity program that can be delivered at Tinside on completion of the capital works as well as allowing young people to input into the design of the capital works. There will also be a program of pool-based activity to enable better access for young people to use Tinside Lido.

Revenue Activities	Year 1	Year 2	Total
Staffing	£97,029	£124,109	£221,138
Youth work activities	£75,322	£82,830	£158,152
Tinside Lido activities	£28,500	£34,800	£63,300
<b>Total</b>	<b>£200,851</b>	<b>£241,739</b>	<b>£442,590</b>

Importantly, this capital business case requests confirmation that PCC will provide match funding of £1,180,000, in order to undertake essential Mechanical & Electrical Plant end of life replacements and complete a range of Priority 1 repairs and maintenance to the Lido's reception area and the terraces above the main building's first floor and the terrace above Building B, preventing water penetration to the area's being refurbished, plus a contingency of £250,000.

PCC's match funding contribution will deliver the following essential repairs:

Reception area and minimal refurbishment	£150,000.00
Terrace / waterproofing	£320,000.00
Railings	£60,000.00
M & E Plant end of life replacements	£400,000.00
Contingency	£250,000.00
<b>Total:</b>	<b>£1,180,000.00</b>

If we did not proceed with the Tinside scheme, the £1,803,034 YIF capital grant would be lost, the Lido would not benefit from this investment and would fall into further disrepair, further undermining the sustainability of this iconic asset.

#### Milestones and Date:

Contract Award Date	Start On Site Date	Completion Date
January 2024	March 2024	March 2025

## SECTION 2: PROJECT RISK, OUTCOMES AND BENEFITS

**Risk Register:** *The Risk Register/Risk Log is a master document created during the early stages of a project. It includes information about each identified risk, level of risk, who owns it and what measures are in place to mitigate the risks (cut and paste more boxes if required).*

Potential Risks Identified	Likelihood	Impact	Overall Rating
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<b>Risk</b>	Construction cost inflation		High	High	High
<b>Mitigation</b>	Significant budget contingency		High	Low	Low
<b>Calculated risk value in £ (Extent of financial risk)</b>	£300,000				
<b>Potential Risks Identified</b>			<b>Likelihood</b>	<b>Impact</b>	<b>Overall Rating</b>
<b>Risk</b>	Programme		High	High	High
<b>Mitigation</b>	Early appointment of suitable professional services		Medium	Medium	Low
<b>Calculated risk value in £ (Extent of financial risk)</b>	£1.8m				

<b>Outcomes and Benefits</b>	
<b>List the outcomes and benefits expected from this project.</b> <i>(An <b>outcome</b> is the result of the change derived from using the project's deliverables. This section should describe the anticipated outcome)</i> <i>(A <b>benefit</b> is the measurable improvement resulting from an outcome that is perceived as an advantage. Benefits are the expected value to be delivered by the project, measurable whenever possible)</i>	
<b>Financial outcomes and benefits:</b>	<b>Non-financial outcomes and benefits:</b>
Improved financial sustainability of the Lido, resulting from income from rent and bookings associated with café, bar and events. Estimated total increase in PAL income of £50,000/annum following scheme's completion.	Significant engagement of young people/adults, resulting in: <ul style="list-style-type: none"> <li>• Reduced anti-social behaviour</li> <li>• Improved physical and mental wellbeing</li> <li>• Empower young people/local community</li> <li>• Increased ocean citizenship</li> </ul>

<b>Low Carbon</b>	
<b>What is the anticipated impact of the proposal on carbon emissions</b>	<p>Plymouth City Council has ambitious climate change targets which see both the Council, and City, reaching net zero carbon emissions by 2030. To achieve this, it is crucial that opportunities for carbon reduction are explored in every area of the city. The National Marine Park and our waterfront is no different in this respect and, as with any investment, we look to ensure these opportunities not only reduce carbon emissions but provide wider social benefits – from a positive impact on wellbeing to tackling the energy crisis.</p> <p>Our framework for action on the climate emergency - the Net Zero Action Plan (NZAP)– set out 4 key priorities to reach net zero, Buildings, Transport, Consumption, and Behaviour Change.</p>
<b>How does it contribute to the Council becoming Carbon neutral by 2030</b>	<p>The investment requested through the contributes to all of these in a variety of ways:</p> <p><b>Buildings:</b> Both the Tinside Lido and Mount Batten Watersports Centre sites offer opportunity for reductions in carbon emissions. Low carbon heating solutions via heat pumps are proposed - achieving significant carbon savings over traditional gas fired systems. Cooling is also considered with a mechanical and natural ventilation solution proposed to ensure over reliance isn't placed on energy consuming methods. PV panels on Mount Batten will provide a significant element of the energy needed for the heat pump, whilst both sites will benefit from low energy lighting.</p>

	<p><b>Transport:</b> We recognise that to change behaviour and educate our residents and visitors around climate change, we need to provide low and zero carbon solutions throughout their whole engagement with the National Marine Park. As such we have ensured that low carbon transport solutions form part of the NMP visitor experience. We have allowed for provision for 8 rapid electric vehicle chargers, along with provision for charging e-bikes. This coupled with our newly launched Connect Plymouth service – which provides e-bikes for hire at the Mount Batten Centre, and Tinside – ensures the Net Zero elements of the National Marine Park are present as soon as the visitor leaves their front door.</p> <p><b>Consumption:</b> Our procurement policy has a number of key indicators relating to scope 3 emissions. Historically the hardest emissions to tackle, our NZAP sets out a clear commitment to reduce these by seeking contractors and service providers to meet a number of climate focussed metrics through the tender process.</p> <p><b>Behaviour Change:</b> The NMP has behaviour change at its heart, based on emerging research evidence that people’s place attachment/identity may lead to action to protect and conserve the environment and the above themes demonstrate how achieving net zero sits within that. By ensuring elements of net zero are present throughout the visitor experience – from journeys to the provision of heat within a building – we are adding significant value to the project and contributing to the delivery of our NZAP.</p>
<b>Have you engaged with Procurement Service?</b>	Yes
<b>Procurement route options considered for goods, services or works</b>	<p>Options – professional services:</p> <ol style="list-style-type: none"> <li>1. <u>External</u> appointment of professional services/ consultancy support (including PM, QS, Architect, Engineer, etc) – links to Option 3 and 3i. below.</li> <li>2. <u>Internal</u> appointment of professional services/ consultancy support i.e. PCC Strategic Projects Team: (including PM, QS, Technical Adviser) to oversee any design input from and oversee work of a design and build contractor – see Option 4 below.</li> </ol> <p>Options – delivery of design solution and appointment of contractors:</p> <ol style="list-style-type: none"> <li>3. External consultancy team progresses, either through:             <ol style="list-style-type: none"> <li>3i. Design and build contractor (Architect, Engineer, etc), to produce designs to RIBA Stage 4, or:</li> <li>3ii. Having completed designs to RIBA Stage 4, invites tenders from suitable building contractors.</li> </ol> </li> <li>4. Internal PM arranges quotations for the capital works via a design and build contractor.</li> </ol> <p>In line with the Council's Contract Standing Orders (CSO) Key Thresholds Table I – Quotation and Tendering, the following procurement route options are available:</p> <p><u>Below GPA Threshold – Invitation to Tender process</u></p>

	<p>An 'Invitation to Tender' (ITT) process is followed with or without advertisement. With a non-advertised ITT process, you have to invite a minimum of 3 suppliers to submit a formal quotation, with 2 from PL postcodes where possible. This is a one-stage process which comprises suitability assessment criteria and contract award criteria. The contract will be awarded to the most economically advantageous tender (MEAT). With this option, the suppliers invited to quote will be selected by the Council. The Council can select any supplier it thinks can complete the services/works including local suppliers within the PL postcode. Formal advertisement of opportunity is optional for a procurement below the procurement regulations threshold value and will involve advertising the procurement nationally so any interested party can submit a bid.</p> <p><u>Utilising Framework</u></p> <p>There is the option to use Predetermined Framework Agreements. Options via a framework may include direct award or mini competition. These frameworks will have already been through an EU wide competitive process and procured in accordance with Public Contract Regulations. Suppliers on the frameworks will be pre-qualified as they have already been through a vetting process, therefore no suitability assessment will be required to be undertaken. Frameworks are restricted to the suppliers that have been appointed via the framework process.</p> <p>Note: Works to include HardFM repairs and YIF/NLHF-grant funded refurbishment works – single contract for all grant funded works.</p> <p>Note: SLA agreement required with Tinside Lido operator, Plymouth Active Leisure, to confirm post-completion management and maintenance responsibilities.</p>
<b>Procurements Recommended route.</b>	Final procurement route to be discussed and agreed between the department and procurement; with evidence of decision-making included in relevant pre-publication gateway document.
<b>Who is your Procurement Lead?</b>	Kim Kingdom
<b>Is this business case a purchase of a commercial property</b>	No
<b>If yes, then provide evidence to show that it is not 'primarily for yield'</b>	
Which Members have you engaged with and how have they been consulted ( <i>including the Leader, Portfolio Holders and Ward Members</i> )	<p>Leader and St Peter &amp; the Waterfront Ward Members</p> <p>Cllr Sue Dann – Sport &amp; Leisure</p> <p>Cllr Chris Penberthy – Cooperative Development &amp; Communities</p> <p>Cllr Jemima Laing – Children's social care</p> <p>Cllr Tom Briars-Delve – Environment &amp; Climate Change</p>

## SECTION 4: FINANCIAL ASSESSMENT

**FINANCIAL ASSESSMENT:** *In this section the robustness of the proposals should be set out in financial terms. The Project Manager will need to work closely with the capital and revenue finance teams to ensure that these sections demonstrate the affordability of the proposals to the Council as a whole. Exact amounts only throughout the paper - not to be rounded.*

### CAPITAL COSTS AND FINANCING

<b>Breakdown of project costs including fees surveys and contingency</b>	<b>Prev. Yr.</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>	<b>Future Yrs.</b>	<b>Total</b>
	£	£	£	£	£	£	£	£
Building A and B Refurbishment /Improvement - YIF				1,803,034				
Building A & B Repair & Maintenance - PCC			50,000	480,000				
M & E Plant end of life replacements - PCC			40,000	360,000				
Building A & B Contingency - PCC				250,000				
<b>Total capital spend</b>			<b>90,000</b>	<b>2,893,034</b>				

<b>Provide details of proposed funding: Funding to match with Project Value</b>								
<b>Breakdown of proposed funding</b>	<b>Prev. Yr.</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>	<b>Future Yrs.</b>	<b>Total</b>
	£	£	£	£	£	£	£	£
YIF (incl 10% fees)			90,000	1,713,034				
FM 'Improvement to Corporate Estate' fund				1,180,000				
<b>Total funding</b>			<b>90,000</b>	<b>2,893,034</b>				

<b>Which external funding sources been explored</b>	PCC/NMP have explored multiple sources of external funding; however, this is always difficult to secure for repair and maintenance works.
<b>Are there any bidding constraints and/or any restrictions or conditions attached to your funding</b>	The YIF Grant Agreement states that the facility must be fit for purpose with a developed business plan (for on-going revenue funding towards youth provision) by March 2025.
<b>Tax and VAT implications</b>	<p>The project to refurbish elements of Tinside Lido will relate to either a non-business or taxable activity of the Council. The Council has leased the premises to Plymouth Active Leisure ('PAL') at a peppercorn rent with effect from April 2022 which is a non-business transaction, and it had previously opted to tax the site, a taxable activity.</p> <p>Since the project will not generate any direct VAT-exempt income to the Council, VAT on costs will be recoverable and there will be no adverse impact on the Council's partial exemption position.</p>

	The option to tax does mean, however, that any income received by the Council either directly or indirectly via PAL, in respect of a land and property disposal e.g., lease or licence, will be subject to the addition of VAT. As and when the future uses of the refurbished areas are decided, the project should be reviewed again to identify any VAT implications.
<b>Tax and VAT reviewed by</b>	Sarah Scott

## REVENUE COSTS AND IMPLICATIONS

### Cost of Developing the Capital Project (To be incurred at risk to Service area)

<b>Total Cost of developing the project</b>	£60,000
<b>Revenue cost code for the development costs</b>	5490
<b>Revenue costs incurred for developing the project are to be included in the capital total, some of the expenditure could be capitalised if it meets the criteria</b>	The £60,000 is included in the £1,803,034 YIF capital grant (10% professional fees element)
<b>Budget Managers Name</b>	Patrick Knight

### Ongoing Revenue Implications for Service Area

	Prev. Yr. £	24/25 £	25/26 £	26/27 £	27/28 £	29/30 £	Future Yrs. £
<b>Service area revenue cost</b>							
<b>Other</b> (eg: maintenance, utilities, etc)	35,000	35,000	20,000	20,000	20,000	20,000	20,000
<b>Loan repayment</b> (terms agreed with Treasury Management)	0	0	0	0	0	0	0
<b>Total Revenue Cost (A)</b>	<b>35,000</b>	<b>35,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>
<b>Service area revenue benefits/savings</b>							
<b>Annual revenue income</b> (eg: rents, etc)	0	0	50,000	50,000	50,000	50,000	50,000
<b>Total Revenue Income (B)</b>	0	0	50,000	50,000	50,000	50,000	50,000
<b>Service area net (benefit) cost (B-A)</b>	- <b>35,000</b>	- <b>35,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>
<b>Has the revenue cost been budgeted for or would this make a revenue pressure</b>	Current maintenance of the building fabric creates a revenue pressure. Following the YIF investment this revenue pressure would have been addressed						
<b>Which cost centre would the revenue pressure be shown</b>	TBC		<b>Has this been reviewed by the budget manager</b>			Y	
<b>Name of budget manager</b>	Patrick Knight						
<b>Loan value</b>		<b>Interest Rate</b>		<b>Term Years</b>		<b>Annual Repayment</b>	
<b>Revenue code for annual repayments</b>	N/A						
<b>Service area or corporate borrowing</b>	Corporate borrowing via Improvement to Corporate Estate fund which has been included within 2022/23 and 2023/24 revenue budget setting						



<b>Revenue implications reviewed by</b>	Rhys Jones, Chief Operating Officer PAL
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**Version Control:** (The version control table must be updated and signed off each time a change is made to the document to provide an audit trail for the revision and update of draft and final versions)


Author of Business Case	Date	Document Version	Reviewed By	Date
Patrick Knight	24/05/2023	v 1.0	Patrick Bowes	25/05/2023
Patrick Knight	30/06/2023	v 2.0	Sharon Mercer	02/07/2023
Patrick Knight	05/07/2023	v 3.0	Rhys Jones	05/07/2023
Patrick Knight	21/07/2023	v 8.0	Wendy Eldridge	21/07/2023

## SECTION 6: RECOMMENDATION AND ENDORSEMENT

### Recommended Decision

**It is recommended that the Leader of the Council:**

- Approves the Business Case
- Allocates £2,983,034 for the project into the Capital Programme funded by Youth Investment Fund grant (£1,803,034) and FM Improvement of Corporate Estate Fund (£1,180,000)
- Authorises the procurement process
- Authorises the Service Director for Economic Development to approve business cases and award contracts relating to this project where they would otherwise not have authority to do so.

<b>Councillor Tudor Evans, Leader of the Council</b>		<b>Service Director</b>	
<b>Either email dated:</b>	31/07/2023	<b>Either email dated:</b>	date
<b>Or signed:</b>		<b>Signed:</b>	
<b>Date: 31/07/2023</b>		<b>Date:</b>	
		<b>Service Director</b>	
		David Northey, Finance	
		<b>Either email dated:</b>	date
		<b>Signed:</b>	
		<b>Date: 25/07/2023</b>	