

Appendix 2



Phase 1 development of leisure-at-cheltenham

Stephen Petherick, January 2017

1.0 Introduction

1.1 The Proposal

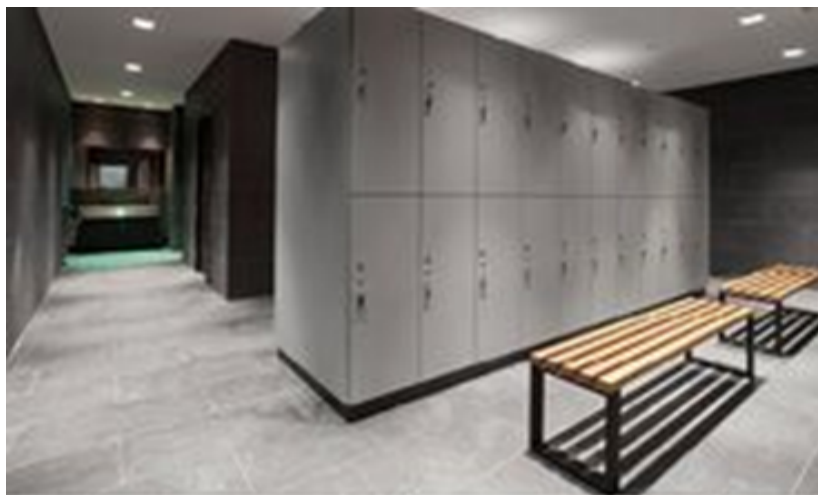
Sport England recommends 150 minutes of activity per week as an absolute base line. Leisure at can become a venue where it becomes easier to take part in 'activity' of many kinds. This will be a place where the dwell time is increased by the very fact that the choices for families, friends and communities enable multiple opportunities to get active, socialise, participate and compete. This will be a place that will enable everyone to 'find their thing', to take part and love life. This development proposes to make the following changes to the facilities within leisure-at-Cheltenham:

- Convert 2 existing squash courts into two new studios enabling development of class and activity programmes.
- Upgrade the existing dry side changing spaces to reflect a quality of offer that customers expect and that competes well with the local market
- Provision of new sauna and steam room suite adjacent to the new changing rooms, strengthening the link with health & fitness and replacing the out dated existing health suite facilities.
- Extend the existing fitness suite on the ground floor into the current dance studio enabling increased capacity to meet demand and enable improved functional training space and health support related activities.
- Conversion of the existing health suite into an aquatics play space, developing and extending the aquatics opportunities for families with young children and also the commercial hires for children's birthday parties
- Opportunities for new employment, job creation, learning and volunteering.

Together, this will enable growth in income and footfall, delivering an increased surplus to meet the charitable objectives of the Cheltenham Trust and social objectives of the Council.







1.3 Context

The Cheltenham Trust made a bid to Cheltenham Borough Council for North Place Funding in December 2014 to develop the concept of a Sport and Play Hub, these proposals were not supported in that round of funding and the Council asked the Trust to look at commercial options for funding. The Council confirmed that it wished to work with The Cheltenham Trust to develop a broader vision for the leisure centre and stadium as well as the redevelopment of the Town Hall.

The broad vision is to develop of a hub within the town that encourages public participation in diverse experiences that touch and inspire people be it through Sport, Culture, Play, Competition, Heritage, Learning, Health and Wellbeing. The ambition to put Cheltenham at the forefront nationally, creating a unique place that contributes to the Social, Cultural and Economic value of the town and enriching the lives of residents and visitors.

In March 2016 the Cheltenham Trust commissioned an initial feasibility study and developed a proposal to create a Hub at Tommy Taylors Lane for Sport, Wellbeing and Culture. The initial proposals were presented to the Council in the autumn of 2016 and the phase 1 element being suggested as a first step.

The phase 1 project is to update and upgrade the wellbeing facilities at the leisure centre and develop a new aquatic play space. It is planned to obtain funding through loan from CBC and the new facilities open to the Public for January 2018.

1.4 Financial context

In common with many other Charities the Trust faces significant financial challenges. To have a positive impact on the people who live, work, visit and study in Cheltenham, the Trust must remain sustainable.

The Trust will meet these challenges through developing its content and product mix, capital investments, growth in commercial business, efficiency and active fundraising. **As an example Table 1 below shows the reduction in Council funding years 1 to 5.**

Year	2014 15	2015 16	2016 17	2017 18	2018 19
Management Fee	1672	974	770	654	647
Net reduction	0	-698	-204	-116	-7

1.5 Audience

Attracting over 570,000 visits per year Leisure-at-Cheltenham welcomes a wide range of people. Its services support people from the unborn child through to those nearing the end of life. Customers come to the facilities from Cheltenham and its surrounds and its regional and national competition events attract people from all over the UK and internationally.

Many services are delivered in partnership with other providers across Health, Education, Social Services and Sport; this with the facilities available, ensure that the places are accessible and services targeted around need. The proposal aims to ensure that the facilities attract more people more often – with quality, value and opportunity being the main drivers of growth. **Table 2 provides examples of the key partners and groups.**

Partner	Activity	Social	Wellbeing	Learning
University of Gloucestershire	1. Teacher Training (PE)	X	X	X
	2. Universal Sport	X	X	X
	3. Sport (Talent)	X	X	X
	4. Sport (Professional)	X		X
	5. Placements	X		X
Glos College	1. Universal Sport	X	X	X
	2. Placements			X
Primary Schools (36 slots)	Key Stage 2 Swimming	X	X	X
CCG	Exercise on referral	X	X	X
NHS (Chelt Gen & St Pauls)	Physiotherapy	X	X	X
NHS (Chelt Gen)	Cardiac Rehab & Respiratory Failure	X	X	X
NHS (2gether Trust)	1. Swimming	X	X	X
	2. Trampolining	X	X	X
GRFC Wheel Chair Rugby	Disability Sport	X	X	X
Chelt & District SAD	Disability Sports	X	X	X
CSWPC	Water Polo, Swimming & Synchro Coaching	X	X	X
Harriers	1. Athletics Coaching	X	X	X
	2. Athletics Competition	X	X	X
CBC Concessions	Disabled, 60+, Unemployed, Students, Low Income, Free Swims for U16	X	X	X
Netball Leagues / Clubs	Netball	X	X	X
Soccer Leagues / Clubs	Soccer	X	X	X
Skaters Fun Club	Roller skating	X	X	X
Roller Torrent	Roller Derby	X	X	X
St Vincents & St Georges	Leisure activities access	X	X	X
The Key	Disability Access to sport	X	X	X
Gloucestershire CCC	1. Cricket Coaching	X	X	X
	2. Cricket Youth Team Practice	X	X	X
Badminton England	1. Coaching	X	X	X
	2. Social schemes	X	X	X

1.6 Civic role of leisure at cheltenham

Leisure-at-Cheltenham plays a crucial civic role within the life of the town Table 3 below highlights some key aspects of this.

Civic Function	Activity	Social	Health & Wellbeing	Learning / Culture
Democracy	Election Count centre for Local, National & EU elections	X		X
Civil Emergency	Rest centre for local communities in the event of emergency	X	X	
Community	A place to meet that is accessible and open to all	X	X	X
Community	A place that offers safe and secure access to public services and information	X	X	X

1.7 The role of leisure at cheltenham in relation to disabilities & health

Long standing and new activities are delivered directly or with partners to help improve the quality of life of local people. Table 4 below outlines some of the core activities and their impact.

Health Partner	Activity	Physical	Mental	Emotional
Clinical Commissioning Group	Reactive Exercise on prescription & concession scheme	x	x	x
NHS CGH	Back 2 Fitness	x	x	x
NHS CGH	ACL	x	x	x
NHS CGH	Respiratory Failure	x	x	x
NHS 2gether	Trampolining	x	x	x
NHS 2gether	Swimming	x	x	x
St Georges & St Vincent's	Activities	x	x	x
NHS CGH	LEAP	x	x	x
Social	The Key	x	x	x
CSAD	Sport & Swim	x	x	x
GRFC	Wheelchair Rugby	x	x	x
Special Olympics	Host / Partner	x	x	x
Milsom Street Centre	Sexual Health	x	x	x
Dept of Health	PIP Assessment	x		
Eddystone Trust	Sexual Health HIV/ Hep C	x	x	x
Winston's Wish	Bereavement/Meeting place drop in	x	x	x
GFA (WFA) & Active Glos	Powerchair Football	x	x	x

2 Business Plan

2.1 Capital Cost and repayment

The capital costs of the project are shown in Table 5

Phase 1	
Build and preliminary costs	747,000
Equipment & contingency costs	602,000
Project Management & Delivery	90,000
Total	1,439,000

The repayments based on the 3% Public Works Loan Board loan over the term of the loan the total interest payments on the initial loan equate to £237k.

2.2 Revenue Forecast

Table 6 provides a summary of the revenue split growth in income over ten years. Table 7 shows the revenue position over the duration of the loan. Trading enters surplus in year 2 and over the term provides a net cumulative benefit of £739k, a return on investment of 51% over 10 years. An updated cash flow can be seen in **Appendix 1. Key assumptions:**

Description	Budget	Additional Income									
Income	EXISTING	1	2	3	4	5	6	7	8	9	10
Health & Fitness (membership)	726	79	145	184	209	218	216	214	212	209	207
Health & Fitness Casual	143	15	15	16	16	17	17	17	16	16	16
Splashpad	0	155	158	161	165	168	166	165	163	161	160
Secondary Spend (Retail, F&B)	202	23	26	28	29	30	30	29	29	29	29
Total Income Growth	1,071	272	344	389	419	433	429	424	420	416	412

- Income grows from years 1 to 5 and then shows a marginal decline from year 5 – 10
- Squash retains 80% of income through fully utilising capacity in the remaining courts
- Splash pad utilisation rates are based on term time v holiday time attendance levels
- Attrition rate on membership based on 5% v actual of 4.8%
- Capital Loan repayments shown as full cost in year 1
- F&B spend estimated at 10p per user on new attendances and 50p in café spend
- Staff costs for new role based on UK Living wage at 8.45 from April 2017
- Loss of squash income and health suite income are factored into the business plan

SUMMARY	1	2	3	4	5	6	7	8	9	10
Income	273	344	389	418	434	429	425	421	417	412
Expenditure	127	131	135	137	139	139	139	139	139	139
Surplus (including lost income)	122	173	215	242	255	290	286	282	277	273
Capital Payment	125	129	133	137	143	147	149	154	159	163
Interest Payment	42	38	34	30	26	22	17	13	8	3
Net Operating Surplus	- 45	6	47	74	85	120	118	114	110	106
Cumulative Net Surplus	- 45	- 38	9	83	169	290	408	523	633	739

2.3 Governance



2.4 Project Management (Procurement, Delivery, Timeframe & Contract Structure)

2.4.1 Procurement of the Development Partner (DP) through National Frameworks will ensure speed and compliance with procurement regulations. For example

a) Minor Works Framework SCAPE

<http://www.scapegroup.co.uk/services/procure/frameworks/minor-works>

b) Development Partner Leisure Facilities Framework

https://www.sell2wales.gov.wales/search/show/search_view.aspx?ID=JAN11773
1

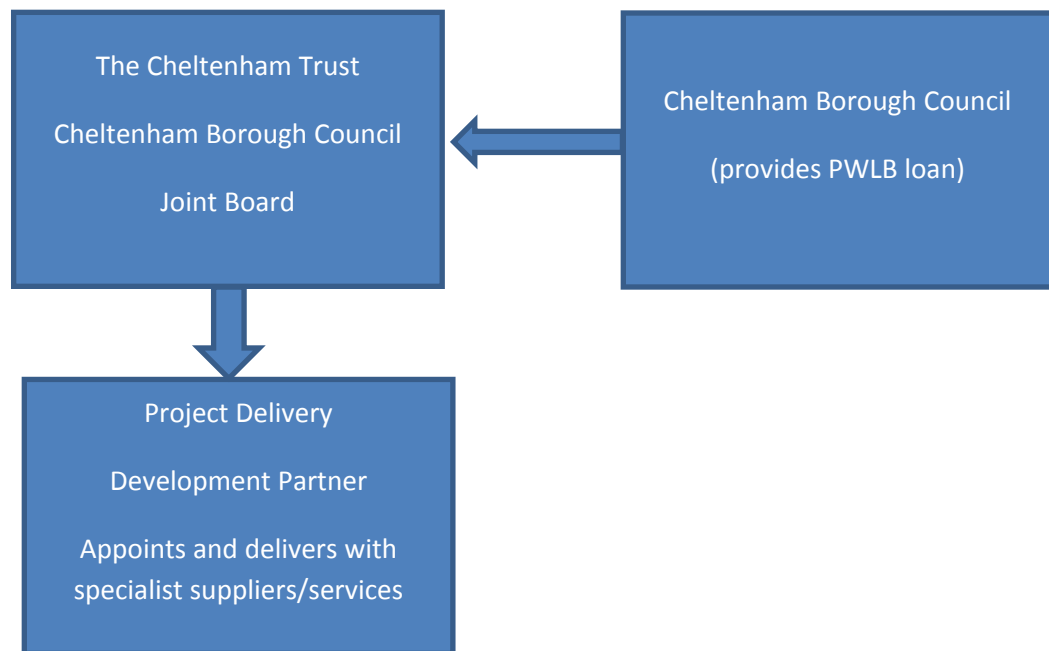
2.4.2 Delivery of the project would be through a Development Partner Model, this ensures delivery on time, within budget and utilises a nationally tried and tested formula.

2.4.3 The Development Partner must deliver within the agreed budget and timeframes.

2.4.4 The Development Partner reports to the Joint Project Board on progress against the project deliverables.

2.4.5 Project would include the 5 stages of Gateway review:

- Brief developed in line with business needs – completed **(INCEPTION)**
- Solution matched to best business outcomes - Feasibility Report and confirm affordability programme (completed) – Sign off PID (including business case) CBC/TCT (out-standing) **(FEASIBILITY)**
- Social Value & Local spend agreed – appoint design team, mitigate risks and maximise opportunities – project costs agreed on order **(PRE-CONSTRUCTION)** develop design
- Best VFM solution – contract information agreed and costs 100% market tested – cost agreed on project order **(PRE-CONSTRUCTION)** detailed design
- Quality build delivered on time and in budget with performance measurement at all stages – contract sum **(CONSTRUCTION)**.
- Occupy new facilities, client value report & post project review, final accounts **(IN USE)**



In summary we already have the feasibility, the business case and governance model, approach (joint board) model require sign off once agreement between the Cheltenham trust and council is in place.

The estimated timeframe of the project is evidenced in table 7 below

[illegible]

3 Consultation

An analysis and engagement plan template is a sensible way to reflect this. Consideration must be given to keeping stakeholders aware of changes to project costs, timescales, quality, scope, risk profile and benefits. The table below indicates the stakeholders and level of interest in the project.

Stakeholder Group	What is their Role?	What is their level of interest (high/med/low) and influence (high/med/low) in the project?	What are the Key Messages we wish to send	Ongoing and Future Activity
Board of TCT Trustees and CBC Cabinet	Owners of the project	High interest High Influence	Project on time, budget	Monitoring and evaluation
Audit & Governance Ctte	Assurance	High Interest High Influence	Project is being delivered within plan	Scrutiny of project and its deliverables
TCT Exec	Project driver	High Interest High influence	As above	As above
CBC Cabinet Member, and SLT	Landlord, funding provider & client monitoring of the management agreement	High Interest High Influence	As above	As above
Customers / Customer Groups	Principle users of the facilities	High Interest High Influence	Improvement of services & facilities, expansion of the offer and increased inclusivity, accessibility	Consultation
Health & Fitness Members	Users of facilities and services	High Interest High Influence	Improvement, extension and broadening of the offer, increased quality and value	Consultation
Sport England	Overarching NGB for sport	High Interest High Influence	Alignment of project to national values and objectives around	Consultation and possible funding / grants

Stakeholder Group	What is their Role?	What is their level of interest (high/med/low) and influence (high/med/low) in the project?	What are the Key Messages we wish to send	Ongoing and Future Activity
			physical activity & engagement	
UK Active	Health & Fitness National Body	Medium Interest Medium Influence	As above linked into Sport England and Dept. of Health	Consultation
ASA	Nat Governing Body Swimming	Medium Interest Medium Influence	Improved services and accessibility to broaden engagement in aquatics	Consultation and possible funding
Tenants	SME's based within leisure centre	High Interest Medium Influence	Possible impact upon their business	Consultation
Active Gloucestershire	Customer and Partner	High Interest Medium Influence	Project will contribute to Active Gloucestershire and The Cheltenham Trust objectives around engagement and growing participation especially amongst target groups	Consultation
Police	Advice on security	Low Interest Medium to High Influence	Consideration given to deliver improvement	Consultation

4 Risk

The management of Risk is a key element of the development and a summary of risks associated with the project can be found in **Appendix 2**.

5 Recommendation

To proceed with the project in light of the following factors:

- Time - The project build time of 20 weeks in combination with the methodology of development partner will reduce risks and ensure that the project is delivered on time and within budget.
- Social Impact – The projects improvements will enable more people to be active more often.
- Equalities – The project through design will improve accessibility to people with disabilities, target groups around Health, Older people, Families and Older people, Young people.
- Partnerships – Ability to increase the work with partners around health & education
- Learning – The project will provide new opportunities for informal learning and play
- Opportunity - Opening of new facilities coincides with peak season in the marketplace - if the project commences in Sept 2017.
- Affordability - The term of the loan repayment at 10 years ensures the project completed within the existing lease agreement between the Council and The Cheltenham Trust.
- Financial opportunity - The growth in revenue, opportunity for engagement and employment with a prudent budget delivers a net return on investment of 57% with interest at 2% dropping to a return of 49% if interest is charged at 3.5%.
- Financial sustainability - Increased net surplus provides additional and critical income for the Trust to meet its charitable objectives, business plan and need to ensure a sustainable future.

Stephen Petherick

Cheltenham Trust