

# **Proposed Mandate to Maintain Existing Spectrum (Leisure Centre)**

**A proposal to agree the strategy and funding for a Strategic Outline Business Case that will present the options for capital works to the building as part of the overall strategy for ongoing management of, and delivery of services through, Spectrum 1 Leisure Centre.**

28 January 2021 v 0.24

# Introduction - Spectrum 1

Guildford's Spectrum Leisure Centre has always been regarded as having a **high social to the community and was a positive contributor financially, as a GBC owned asset**. It attracts 1.7m local and regional visitors annually. Its **importance and social value** was reaffirmed by the EAB in Feb 2019 and the Executive in March 2019 based on the findings of a feasibility report into the consideration of the viability of a potential replacement venue ([Report - Agenda item 7](#)). It is 27 years into its 40-50 year anticipated life-span (Definitions of 'lifespan' at **Annex A**) and is contributing to 50% of the Council's energy consumption and associated emissions which GBC are committed to reducing by 2030.

Prior to Covid19, the Spectrum Leisure Centre would receive approx. 1.7m visits annually, approx. 60% from the local area (long standing estimate). It was also a significant income generator raising £1m in revenue for GBC annually. Since March 2020 there has been no GBC income and currently GBC are paying the provider £250k per month to stay afloat. The annual cost to GBC to keep it open, if the current Covid19 climate persists, are estimated in the region of £4.25m p/a.

In December 2020, CMT and the Executive Liaison Group agreed that due to Covid 19, at least 2 years should pass before a replacement was given any further serious consideration. Consequently, this mandate does not assume that there will necessarily be a Spectrum 2 replacement.

It was also agreed the Service Leader should proceed with a contract renewal process to ensure continued provision of services for at least the next 2 years. Therefore this mandate sets out the strategic direction for developing the options for capital works to the building and funding approvals for development of the Strategic Outline Business Case for work to proceed to the next stage. An allocation of £300k for Spectrum 2 work is now available to be redirected to cover the cost of proceeding with this higher priority project.

**1. Why should a programme/project be started now?** The building opened in 1993 but poor build quality and lack of investment means additional back-log maintenance will be required for building to last to the end of its anticipated 40 to 50-year lifespan. Without this, increasing reactive maintenance and repair costs may continue to escalate and any failure to undertake necessary maintenance and repairs would increase safety concerns. The centre is currently contributing to over half of GBC's carbon emissions which we have committed to reducing by 2030.

**2. What is the good idea, opportunity or problem to be solved?** There is an obligation on GBC to maintain the safety of the current community leisure provision and to maintain the value of the asset whilst being mindful of the Council's mission to reducing carbon emissions.

**3. What is the purpose of the programme/project and what outcomes or outputs will it deliver? List Success Criteria.** To know what needs to be done to the building in order to deliver a safe continuation of service to the public?. To identify the on-going running costs to GBC of continuing to provide the Spectrum 1 Leisure Service to the community.

Illustrative Success Criteria for Building Project – Life Expectancy (Building XX%) Service Levels (Quality XX%), Meeting Climate change objectives (Environmental XX%), Costs (Costs XX%) – these are due to be discussed and agreed with Exec/CMT members in success criteria workshop on 28<sup>th</sup> January 2021 – agenda **Annex B**

**4. What priority, corporate objective or strategy is fulfilled by this project?** High priority in Corporate Plan and key strategic objective pre-covid (Enhancing sporting, cultural, community and recreational facilities). In the long term the local plan delivers more housing and increased population with subsequent increased need for leisure facilities which are expected to be delivered, at least in part, by Spectrum. A GBC owned asset, valued by the community, which the Council have an obligation to make decisions about. Some Councils have been forced to close leisure facilities, either short or long term. A new strategy and direction is required.

# Revised Options Evaluation (Jan 2021)

## 5. What are the potential strategic options to deliver a solution for Spectrum1?

**Option 1. Retire the asset/facility early** – Shut the centre and save on running costs and cut carbon emissions to zero. Significant winding down costs would be incurred, and potentially significant liabilities could remain.

**Option 2. Sell it** – Shut the centre and sell the land to save on costs and raise net revenue. Significant community reaction anticipated – no market for this.

**Option 3. Do Minimum** – Required preventative works which would be unlikely to significantly reduce carbon emissions

**Option 4. Do More** – Refurbishment that seeks to increase the current facilities 'life span', reduce carbon emissions

Please note: You only need to narrow options at this stage and give a direction of travel.

Having agreed to renew the operator contract, GBC is now obliged to ensure safety and provision of services with a sound building (hence Options 1&2 are red). The approach to identifying and delivering the necessary works should be developed through a business case. Hence, this mandate is being put forward for consideration; to undertake a Strategic Outline Business Case to determine the options for capital works that would be required to the building to ensure it remains safe and operable until the end of its expected lifespan or other agreed date. It has been agreed that a suitable building condition survey of the existing MEP (Mechanical, Electrical, Plumbing) to the building, along with surveys of the building fabric, and facilities & equipment to establish its condition and the optimum scheduling of works should be undertaken to inform any business case and subject to staged approvals. This could also include surveys in relation to carbon emissions if this is determined to be a priority.

# Considerations

**6. Who is the lead Director & Service Manager who will lead and direct the project and who will be managing/using the projects products once they are handed over?** – Lead Director is Ian Doyle. Service Leader is Jonathan Sewell.

**7. What impact assessments have been undertaken and what are the impacts on other Service Leaders and/or other programmes/projects?**

Spectrum is located on the Stoke Park site. The Programme Business Case for Stoke Park Master plan has been placed on hold. If revisited it may need to be cognisant this mandate. Aside from 'general use' the venue has numerous partnerships, stakeholders and outputs for the council which impact on other services and strategies e.g. sports, Health and Wellbeing, Tourism and Visitor. Equality Impact Assessments must be undertaken on all shortlisted options.

**8. What general approach will the projects take to deliver?**

Business case development owned by the leisure services team with the support of Asset Management and Corporate Programmes.

**9. When and why must the project start and finish?** – ASAP – a 2-year operating contract extension is in the process of being agreed this provides a window to make decisions about the building.

**10. Which stakeholders are or, will need to be, involved in the project** - For the capital works project the only major stakeholder is Freedom Leisure.

The fuller list of wider stakeholders for the venue includes but is not limited to Sports England, Executive Councillors, General customers, Sports club regular bookers, Freedom Leisure - Leisure contract and catering partner, GLL - Leisure contract partner, FL - casual staff, Guildford Flames, Guildford City Swim Club, Professional ice coaches, User groups, Guildford Community, Ward Councillors, Surrey CC, GCFC, GGAC, County Sports Partnership[ (Active Surrey), Local Sports Council (Active Guildford), Blue Light Services

**11. What specialist resources (internal and external) are needed to consider this mandate and develop a strategic outline business case?**

**Internal Staffing** – Leisure Services (JS/CB), Governance (SB/SA), Asset Management (MVdR/DB), Legal (DO), Finance (CM/VW), Procurement (FG), Corporate Programmes (EF/CF) (full list at [Annex C](#)). To undertake and complete the SOC, there will be a need to recruit additional staff members in Asset Management and Corporate Programmes.

**External Consultants** – Specialist Leisure operating and construction consultants; Technical consultants including building, M&E and engineering. Carbon audit specialist.

**12. What Rough Order of Magnitude (ROM) are the likely Whole Life Costs (WLC) of the project and live service? –**

WLC includes design and delivery costs for refurbishment estimated between £10m - £50m+

# Potential costs to proceed to the next stage to develop the Strategic Outline Case for capital works

Resource costs to progress to the next stage/gate and develop the Strategic Outline Business Case (SOC) – conditions surveys will inform the Outline Business Case (OBC) i.e. the stage at which the preferred option will be chosen. The Full Business Case can then be produced prior to any procurement.

	Q4 (20/21)	Q1 (21/22)	Q2 (21/22)	Q3 (21/22)	Total	Please note it is possible these estimated figures could be subject to significant change in the event of changes or in light of more information.
Internal staffing costs	Existing internal staffing not costed but not to be under-estimated.				-	These are the costs of in-house permanent staff time - Project Board = CMT, Exec, Legal, Procurement time - SLs = Jonathan Sewell, Marieke vdR, Elizabeth Fleming - Preparing brief for conditions surveys/business case writer = DB/JS - Additional building surveyor for Asset Management (part time) - Additional project manager (part time)
	Additional building surveyor and project manager are costed				£50k £70k	
Specialist external consultants costs					£60k £120k	These are specialist resources we don't have in house and need to buy in to proceed - Specialist leisure operating and construction consultants - Building, M&E and Engineering consultants to conduct condition surveys and produce reports & carbon audit specialist
Total					<b>£300k</b>	Approval of this mandate provides the budget and delegated authority to commit additional staffing resources and buy-in external consultants.

# Issues, Assumptions & Risks

## 13. What are the strategic Risks, Assumptions, Issues,

### Issues

- There is a constantly changing, and **uncertain**, health, environmental, financial, economic and political environment due to Covid.
- The current impact of Covid is causing serious **financial issues** for GBC, the operators and stakeholders
- There is a huge gap in understanding of the issues facing this project and **expectations** for outcomes between key stakeholders.

### Assumptions

- That GBC **want to continue** to provide leisure services on this site as Spectrum facilities will be a key part of resident's recovery from Covid.
- That GBC can afford to keep the Spectrum open.
- There is an assumption that this fits with the Stoke Park Master Plan
- That Spectrum will remain open during any refurbishment
- That the 'business model' for offering community leisure services will be able to resume when the Covid pandemic has abated

### Risks

- There is a risk that cost estimates could be significantly different
- There is a risk that the level of uncertainty in relation to Covid impacts and restrictions makes this a very difficult business case to write.
- There is a risk that Local Authority operating models may fundamentally change e.g. Mergers or Unitary.
- There is a risk that this mandate underestimates the strength of stake-holders views and community impact on how we go forwards

# Dependencies, Constraints & Opportunities

## Dependencies

- GBC climate change target for 2030 has dependencies on this project
- There is a strategic dependency between this project and the BAU project to renew the operator contract which is being managed by Jonathan Sewell. This will ensure decisions about the building align optimally with operator contract discussions.

## Constraints

- **Covid impacts** will constrain demand, volumes, commercial viability, design and deliverability.
- The renewed **Operating Contract will expire October 2023** (potential max 2 year extension).
- The Surrey Act 1985 - any covenants/planning affecting Stoke Park or other planning issues.

## Opportunities

- A refurbishment option may offer unexpected opportunities for some new services.

## **Annex A - Explanation of the term ‘Lifespan’ in relation to buildings**

- Originally anticipated ‘Lifespan’ when it was built can be significantly affected by how it is maintained.
- Different components will have different, wide-ranging lifespans.

# Annex B – Outcome of CMT/Exec Critical Success Factor Workshop 28 January 2021

- Approval of revised mandate
- Approval of high-level brief for Conditions Surveys (scope & nature)
- Agreement on critical success factors for the SOC and the project.
  - Optimum life expectancy of components (and the site as a whole)
  - Service quality
  - Cost implications
  - Climate change emissions impacts

# Annex C - Qu 11. Cont. GBC Internal Stakeholders (Reviewer List)

## Involved or Sighted so far and to be updated on changes

- Jonathan Sewell – Leisure Services Manager / Staff
- Mike Miles – Corp Programmes
- Louise Odell – Corp Governance
- Stephen Benbough – PPM Governance Service Leader
- Elizabeth Fleming – Corporate Programmes Service Leader
- Claudia Frost – Corp Progs PMO Lead
- Victoria Worsfold – Finance Service Leader
- Ian Doyle - Operational Services Director
- James Whiteman – Managing Director
- Claire Morris – Resources Director
- Dawn Hudd – Strategy Director
- Paul Stacey – Parks, Recreation and Heritage (Stoke Park link)
- Marieke van der Reijden - Asset Management Service Leader
- Darren Burgess – Building Surveyor Manager – Assets
- Paul Taylor-Armstrong – Climate Change Officer - Assets
- Faye Gould – Procurement Lead
- Diane Owens – Legal Lead
- John Armstrong – Democratic Services Service Leader
- Stuart Harrison – Planning Policy
- All other Operational Service Leads