Spectrum Leisure Centre
High-Level Summary of the Strategic Outline Business Case

Draft v0.1

Executive Summary

- The business case seeks to establish the best value for money option, to GBC, for the future of the current Spectrum Leisure Centre.
- Following the conditions surveys, the business case confirms ‘Do Minimum and Replace’ as the most cost-effective solution for GBC.
- The business case explains the rationale for recommending this option and sets out the next steps in delivering only the very necessary works to the current building over the next 7 years.
- This option assumes that GBC still wish to provide leisure services on this site and therefore initiates the work to undertake feasibility into provision of a new centre on, or adjacent to, the site.
- It is anticipated that work to deliver a replacement (depending on the scope) will take between 5-7 years to deliver.

Introduction & Background

- In Jan 2019, the Executive agreed to initiate feasibility work into delivering a replacement centre.
- In Dec 2020, the Executive agreed that due to Covid 19, at least 2 years should pass before a replacement was given any further serious consideration. GBC provided significant financial support to the operator to stay afloat during the pandemic.
- In Nov 2021, a two-year contract extension with the operator was agreed. The operator has submitted a further two-year contract extension offer to 31 Oct 2025
- In Aug 2022, conditions surveys were completed, and a summary report compiled
- In Nov 2022, the Executive agreed with the recommendation to ‘Do minimum works to the current centre and initiate feasibility work to replace the building’ and asked for EABs to be consulted.

Strategic Case – Compelling Case for Change

Customer confidence to return to the facility following the pandemic has now returned to pre-pandemic levels.

The conditions surveys demonstrate that there is a clear and urgent need to replace the current building for the following reasons

- We can keep the current building going indefinitely but maintenance costs will steadily increase over time
- Carbon Emission improvements to the current building would be primarily based on switching to electric rather than improved efficiency and these improvements will therefore significantly increase running costs
- Increasing fuel prices are an additional pressure to keeping the current centre operational. This can only be mitigated with a new building that make best use of more fuel-efficient building techniques and technology

Economic Case – Options Evaluated in the Mandate (Jan 2021)

Strategic Options considered in the mandate were,

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 accrue a capital receipt. 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

Economic Case – Shortlisted Options Evaluated in the Strategic Outline Business Case (Nov 2022)

Option	Pros	Cons	Capital Refurb Costs (scale of budget required)	Operating/ Running Costs	Emissions	Operating Contract	Customers/ Residents
1. Closure			tbc				
2. Do Minimum (& Replace)	Lowest cost for works	Must commission work now to explore closing or replacing within 5 years	£6m - £9m	Increasing in all scenarios due to fuel increases	No impact on emissions. Could pay to offset emissions	Up for renewal or extension in 2023	Poor facility aesthetic for longer> Likely income reduction
3. Keep Ticking Over (& Replace)	Buys 10 years to defer decision to replace/close	No significant emissions or running cost reductions A replacement is unlikely to get cheaper if we wait	£20m - £25m				Customer facing areas maintained to a reasonable standard
4. Keep Ticking Over Longer (10-15yrs), plus Climate Change Measures	Invest in the asset	Potential running cost increases Will be faced with the same questions at the end of the 10-15yrs	£26m - £30m	Likely to increase over and above other options	Reduce emissions by up to 20-80%	Need a better/different contract and/or operator arrangement if we invest heavily	
Replacement	Modern, flexible, more sustainable and cheaper to run. Possible income opportunities	Inability to fund. Climate of inflation and increasing construction costs.	£60-£150m (depending on facilities replaced)	Reduce running costs (tbc)	Reduce emissions by up to 70-100%	New arrangement	New facility

Financial Case – Costs (Draft)

- Key approval is appointment of Resource
- Stakeholder Engagement
- Specification – Facility Mix (Drive Costs)
- New contract – re-tender

- Financial Case – Dependent upon key Decisions

Management Case – How it will be delivered

- Governance e.g. project board
- Assurance
- Project Plan
- Appointment of external consultants
- Specification – Facility Mix
- Business case – tested open market

Next Steps – to next approval gate

January 2023 – JEAB consideration and feedback

February 2023 – Executive Approval

March 2023 – Budget Approval for External Resource

June 2023 – Consultant Appointment

September 2023 – Project Plan