

<b>Title of Report:</b>	<b>Coleraine and Ballycastle Leisure Provision – Update on Outline Business Case Development</b>
<b>Committee Report Submitted To:</b>	<b>The Leisure &amp; Development Committee</b>
<b>Date of Meeting:</b>	<b>21 December 2021</b>
<b>For Decision or For Information</b>	<b>For Information</b>

<b>Linkage to Council Strategy (2019-23)</b>	
Strategic Theme	Resilient, healthy & engaged communities
Outcome	Citizens will have access to Council recreational facilities and protected natural environments which help them to develop their physical, emotional and cognitive health.
Lead Officer	Head of Sport & Wellbeing

<b>Budgetary Considerations</b>	
Cost of Proposal	£20m (combined target cost)
Included in Current Year Estimates	<b>YES/NO</b>
Capital/Revenue	Capital
Code	
Staffing Costs	

<b>Screening Requirements</b>	Required for new or revised Policies, Plans, Strategies or Service Delivery Proposals.		
Section 75 Screening	Screening Completed:	Yes/No	Date:
	EQIA Required and Completed:	Yes/No	Date:
Rural Needs Assessment (RNA)	Screening Completed	Yes/No	Date:
	RNA Required and Completed:	Yes/No	Date:
Data Protection Impact Assessment (DPIA)	Screening Completed:	Yes/No	Date:
	DPIA Required and Completed:	Yes/No	Date:

## **1.0 Purpose of Report**

**The purpose of this report is to update Members on the development of Outline Business Cases (OBCs) for the redevelopment of Coleraine Leisure Centre and Ballycastle Leisure Provision.**

## **2.0 Background**

At the start of this year, the Leisure Facilities Project Board requested that previous work on business case development dating back to 2017/18 for the redevelopment of Coleraine Leisure Centre (CLC) and Ballycastle Leisure Centre (BLC) was revisited and presented to the Project Board prior to any decision to re-commence work being taken by the Leisure & Development Committee and Council.

At a full Council meeting on 7<sup>th</sup> September 2021 Members received an updated Strategic Outline Case (SOC) for investment in the redevelopment of Coleraine Leisure Centre and approval was given to commit the resources required to complete the development of an OBC in line with 'Better Business Cases NI' guidance on the new 'Five Case Model'.

At this meeting it was also agreed that the OBC for Ballycastle Leisure Provision (also referred to as Phase II) was to be progressed in parallel with Coleraine Leisure Centre and adopt the same process and approach.

Whilst there was initially an ambition to complete OBCs for both projects by December 2021, a delay in getting work started combined with a 6 month turnaround period resulted in a revised project delivery plan which indicated a more realistic target date of March 2022.

## **3.0 Coleraine Leisure Centre - Outline Business Case**

The approved SOC had been revisited to provide an up-to-date position and high level assessment of strategic fit, rationale for intervention, feasible options, value for money, affordability and deliverability.

In order to reduce the significant risks to both affordability and deliverability, the Project Board set a target capital cost of £15m and completion date of within five years. It is noted however that this was set just prior to the considerable increase in construction cost inflation of 10-20% over recent months. The timeframe also reflected the increasing cost to Council of 'Doing Nothing' in terms of the ongoing repair and maintenance which rises exponentially in facilities nearing the end of their economic life and limited income generating capacity of an old centre.

To work towards this target, Officers used the SOC to present initial views on alternate options that reduced the scale and content of the original facility mix and proposed options that are 'right sized' to the current evidence base for need/demand and future market conditions.

The SOC also stressed the need for an OBC to align with other strategic projects currently being considered in Coleraine town and support potential external funding opportunities, including the Levelling Up Fund (LUF).

The SOC contained an assessment of high level costs, benefits and risks and identified *Option 3 – a 'Right Sized' Proposal at Railway Road as the 'Preferred Way Forward' at this initial stage with an estimated capital cost of £15-17m.* The Preferred Option will only be determined following the full OBC development and assessment against the new 'Five Case Model' and will be subject to affordability within the Council's Capital Programme.

Since resources were approved in September, a Steering Group has been established comprising the Director of Leisure Development (SRO), Head of Sport & Wellbeing (PS), Capital Delivery Team (PM), Energy Manager and SIB with external input secured from the original consultancy team: V4 Leisure Services, Ostick & Williams, Architects and Sammon, Quantity Surveyors.

The 'Strategic Case' for investment is being updated to reflect current needs and demands for leisure provision and changing trends since the Covid pandemic. This will make reference to Facility Planning Models and Latent Demand Analysis within the catchment area.

The 'Economic Case' is being appraised with updated technical plans and costings for reduced scale options. This also involves revised schematics for the position of the new centre on the existing site to take account of costs, benefits, and key risks including technical feasibility, planning, service impact and scope for future development.

The 'Financial Case' and affordability analysis will be reviewed with the Finance Team's input on the Capital Programme and a new and emerging external funding strategy is being developed. This necessitates the addition of an 'Enhanced Scheme' that considers additional green energy and wider regeneration works that would improve the projects, ability to avail of significant capital funding opportunities including LUF and NICS (to be announced in 2022/23) and to ensure complementarity with other potential capital projects in Coleraine town.

The 'Commercial Case' and 'Management Case' will be revisited to consider the procurement route that delivers best value, operational income strategy (In-house Transformed projections contained within the 'Shadow Bid'), marketing and sales plan and management/staffing structures for the new leisure centre.

A monthly update is currently provided to the Project Board from the SRO/PS to track progress with a presentation from the consultancy team to be delivered on the design options and costings early in the new year.

#### **4.0 Ballycastle Leisure Provision - Outline Business Case**

This OBC will be developed on the basis of a Feasibility Study undertaken by the Capital Delivery Team and extensive community consultation in 2018. The preferred site option from this report was Council's existing site at Quay Road. An alternate option of entering into a partnership with the Marine Hotel for the redevelopment of its disused leisure facilities was explored last year and discounted as not being technically feasible.

In order to reduce the significant risks to both affordability and deliverability, the Project Board agreed a target capital cost of £5m and completion date of within five years. It is noted however that this was set just prior to the considerable increase in construction cost inflation of 10-20% over recent months.

To work towards this target, Officers have presented initial views on alternate options that reduced the scale and content of the original facility mix and proposed options that are 'right sized' to the current evidence base for need/demand and future market conditions.

The OBC will also align with other strategic projects currently being considered in Ballycastle and support potential external funding opportunities, including the Levelling Up Fund (LUF).

Since resources were approved in September, a Steering Group has been established comprising the Director of Leisure Development (SRO), Head of Sport & Wellbeing (PS), Capital Delivery Team (PM), Energy Manager and SIB with external input secured from the original consultancy team: Capaxo and GM Design.

The 'Strategic Case' for investment is being updated to reflect current needs and demands for leisure provision and changing trends since the Covid pandemic. This will make reference to Facility Planning Models and Latent Demand Analysis within the catchment area.

The 'Economic Case' is being appraised with updated technical plans and costings for reduced scale options to take account of costs, benefits, and key risks including, technical feasibility, planning, service impact and scope for future development. This will also consider the future of Sheskburn Recreation Centre and need for community and civic space in the area.

The 'Financial Case' and affordability analysis will be reviewed with the Finance Team's input on the Capital Programme and a new and emerging external funding strategy is being developed. This necessitates the addition of an enhanced scheme that considers additional green energy and wider regeneration works that would improve the projects ability to avail of significant capital funding opportunities including LUF and NICS (to be announced in 2022/23) and to ensure complementarity with other potential capital projects in Ballycastle (Phase I, Ballycastle Museum etc).

The 'Commercial Case' and 'Management Case' will be revisited to consider the procurement route that delivers best value, operational income strategy (In-house Transformed projections contained within the Shadow Bid), marketing and sales plan and management/staffing structures for a new leisure centre.

A monthly update is currently provided to the Project Board from the SRO/PS to track progress with a presentation from the consultancy team to be delivered on the design options and costings early in the new year.

## **5.0 Project Delivery Timeframes**

Subject to Council approvals, the indicative delivery timeframe to progress both projects through Council's four stage capital process is summarised as follows:

- Stage 0: Strategic Outline Case Update and Resources Approved – September 2021;
- Stage 1: Outline Business Cases Approved – March 2022;
- Stage 2: Full Business Cases (design/planning/procure) Approved – March 2023;
- Stage 3: Construction Completed (up to 24 mths) – March 2025; and
- Stage 4: Handover and Ready for Use - April 2025.