Derby City Council – Business Case Study

A report by pmpgenesis
October 2009

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Executive summary

Introduction

E.1 In June 2009, pmpgenesis was appointed by Derby City Council to prepare a business case to inform and support the Council to make decisions in relation to the future of its facilities for sport, active recreation and physical activity. This is to ensure that the Council maximises its resources and assets to meet the future need and aspirations of the community and to fulfil its ambition 'to be England's most active City'.

Need for the study

E.2 The Council's current leisure assets are well used and provide an important community service. A number of the facilities, however, have reached the end of their economic life and are no longer fit for purpose.

E.3 In May 2007, the Council's Chief Officer Group received a report highlighting the major issues arising from the Council's building portfolio. It stated that the situation is now so serious that it cannot be resolved by merely increasing spend but that more radical solutions are required. A strategic review of Sport and Leisure Facilities was also undertaken (in 2005) which highlighted the significant capital investment required simply to 'stand still' (in the region of £18m).

E.4 The 2008 Place Survey clearly demonstrates the impact this is having on resident's perceptions of Derby and the local services they receive. Indeed, there has been a significant decline in the satisfaction with sport and leisure facilities from 57% in 2006 to 36.9% in 2008 – a decrease of more than 20%.

E.5 These statistics are substantiated by Sport England's Active People survey which shows that satisfaction levels with sports facilities have fallen significantly in the last 3 years, putting Derby in the bottom 25% nationally for resident's satisfaction with local sports provision.

E.6 The Council has commissioned this study to consider future provision options and ensure that a long-term, value for money approach is taken.

Project objectives

E.7 The vision and core business of the sport and leisure service is:

'to help Derby become the most active City in England by 2015'.

E.8 This vision is supported by eight core business areas that define and drive the service. These have been used to formulate specific evaluation criteria and develop a long list of project options to meet the vision.

Strategic need for improved provision

E.9 Past facility audits, plans, assessments and strategies, clearly illustrate the need to address the Council's deteriorating facility stock. A review of previous assessments identifies that there are several key challenges faced by Derby. These are:

- ageing facility stock (across all facility types but especially swimming pools) that is no longer fit for purpose
- Council facilities that have suffered from years of under investment, and that are at risk of partial or full closure
- Council sports facilities (with the exception of Springwood) that are in need of significant modernisation/refurbishment/replacement
- a facility stock that is in need of significant capital investment simply to 'stand still' (in the region of £18m)
- 'traditional' facilities that no longer meet modern day requirements and lack the flexibility to meet evolving customer needs
- revenue & maintenance burdens – primarily due to ageing stock and poor configuration of facilities resulting in high management and staffing costs
- a lack of regionally significant facilities, with the impending loss of the only regionally significant facility at Moorways Stadium
- an industry leading sports development programme, b-active, that is widely recognised as such, but that is currently restricted by the physical constraints of existing facilities.

E.10 It is vital that the facility stock is improved in order to meet the Council's overall vision:

'To make Derby a modern, attractive city where people live safely, harmoniously and achieve their potential.'

E.11 There is no longer a 'half way house' in terms of repairing and upgrading existing facilities.

E.12 A number of national and regional strategies also emphasise the need to get more people physically active and recognise the need for a world-class delivery infrastructure in order to achieve this. These strategies also clearly recognise the impact that physical activity has on improving health and general wellbeing.

E.13 In order to help get more people physically active in Derby, and to meet LAA targets that relate to physical activity and health, the facility infrastructure needs to be radically improved.

E.14 The 2012 Olympics and Paralympics present a unique opportunity for sport. However, there is a need for a high quality network of facilities that can see the creation of an Olympic legacy for Derby, before, during and after the Games.

E.15 The Countywide sports facilities strategy identifies that currently:

- Derbyshire has a lack of facilities suitable for the higher levels of performance sport
- Current facilities are not capable of staging or supporting major sporting events
- Much of the supply of local sports provision is of a low quality and requires urgent investment to modernise, improve and expand facilities
- The County should aspire to a series of key landmark sporting projects.

E.16 Proposals set out in this business case have been developed in the context of national, regional, county and local strategies, recognising the gaps in provision and the opportunities that are presented.

Supply and demand analysis

E.17 A supply and demand assessment, using Sport England strategic planning pools, has been undertaken to inform development of the business case for new and improved facilities. Facility needs have also been assessed via consultation with a range of stakeholders and partners.
The main opportunities for new/refurbished facilities identified as a result of this analysis and consultation are:

- 50m pool – new
- Network of smaller swimming pools to replace ageing stock –new & refurbished
- Large sports hall (10-12 courts) – retention of or replacement of Moorways
- Network of smaller sports halls to replace ageing stock – new & refurbished (via BSF)
- Health & fitness provision – increase in size of public sector provision
- Velodrome - new
- Closed road cycling circuit – new
- Athletics track and associated facilities - retention of (and upgrade) or replacement of Moorways.

E.18 In addition to the above, any facilities that exist within current facilities eg squash courts, aerobics studios etc should be refurbished or replaced in any new facility.

E.19 It is also recommend that opportunities to co-locate health and education services with any new facilities or refurbishments are explored to give the customer a more integrated offer. This could include services such as physical activity clinics, losing weight advice, stop smoking service, healthy eating advice, how to combat stress to promote general 'wellness' etc.

E.20 Partnerships with the PCT, University, Derby College, Derby County FC and other associated organisations that are involved in increasing physical activity and improving wellness should be developed.

Current performance of facilities

E.21 In order to understand how current Council facilities are performing, a high level analysis of income, expenditure and performance information has been undertaken. This enables us to establish what scope there may be for performance improvement.

E.22 The analysis shows that for most sites, percentage cost recovery is low and subsidy per visit is high. In general terms, however, income and usage statistics are good (apart from income at Shaftesbury). This indicates a sizeable potential market for future facility and service developments.

E.23 Secondary income per visit is very low, apart from at Queens and Moorways Pool. Opportunities therefore exist to improve secondary income via re-thinking of food and beverage provision in particular.

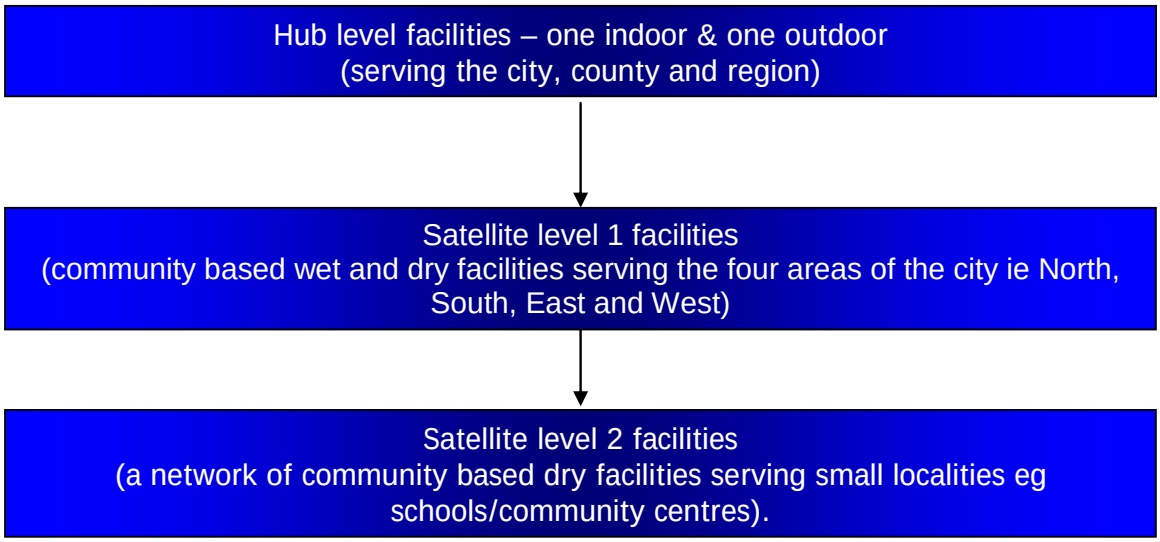
E.24 Staff costs as a percentage of income are very high at all sites. Staff costs outweigh income in all instances. Energy costs are also high, apart from at Springwood. These figures are likely to be an indication of the state of the current assets and their no longer being fit for purpose.

E.25 This baseline information has been used to inform the options appraisal and future business plan forecasts.

A Framework for Future Facility Provision

E.26 In order to prioritise future investment, a proposed hierarchy of facility provision has been developed. This is based on the City's ambition 'to be England's most active City' and incorporates national and international best practice in terms of meeting the talent development pathway.

Proposed hierarchy of facilities



E.27 To inform the types of facilities which can be categorised in each hierarchy, a key criteria list has been developed to differentiate the tiers of facilities.

E.28 Hub sites are key to the strategic delivery of sport and physical activity in the City and revenue funding should be allocated accordingly. The hub facilities form the core of the project and once completed should be supported by developments/enhancements at satellite facilities.

E.29 It is recommended that level 1 satellite sites should deliver a similar (albeit reduced) programme to the hub sites, with clear talent development pathways for those wishing to progress, and should provide more localised provision to the community.

E.30 Level 2 satellite facilities are those which are identified as being geographically important and are located in areas outside the core catchment of higher tier facilities. In practical terms, the level 2 satellite facilities are likely to focus on physical activity, rather than formal sports participation.

Options appraisal

E.31 A range of different facility options have been considered in order to fit the proposed framework and meet the Councils objectives. Each option has been reviewed against an agreed evaluation framework to establish which option offers the most viable and sustainable solution for Derby City Council.

E.32 The Council's existing facility stock does not fit within the future facility framework required to deliver on the stated vision and objectives.

E.33 A condition survey of the Council's leisure centres carried out in 2005 stated that the cost of a basic refurbishment of the facility stock would be approximately £17.6m over 25 years. This is not considered value for money and does not provide a long term solution. For this reason, the refurbishment option has been ruled out. This does not mean that all facilities should be rebuilt, but that a combination of new build, remodel and refurbishment is required. The same report costed a remodelling and adaptation option at £36.8 over 25 years. These costs are likely to have increased in the four years since the report was written due to inflation and also due to further deterioration in the condition of the facilities.

E.34 Following the evaluation of a long list of options against the financial and non-financial criteria, and against the proposed framework, the preferred option for the city as a whole is:

- Indoor hub - Close Moorways Sports Centre & Swimming Pool and close Queens Leisure Centre, replacing both with one new build facility
- Outdoor hub - Retain the athletics stadium and develop an outdoor hub. Whilst development of the outdoor hub on the Moorways site scores highest against the evaluation criteria, the option to develop the outdoor hub on an alternative site, such as Pride Park, should not be ruled out at this stage and should be subject to further exploration
- Satellite North – Refurbish Woodlands School
- Satellite West – Replace/refurbish Gayton Pool, retain Derby College as a dual use facility and retain Lonsdale (in the short term)
- Satellite South – Close Moorways Sports Centre & Swimming Pool and build a new wet facility elsewhere in the south of the city (potentially linked to BSF which could provide dry facilities)
- Satellite East – Retain Springwood and add pool.

E.35 Satellite level 2 facilities are localised facilities such as schools and community centres/halls. A network of these facilities already exists. The focus of these facilities should be to act as bases for outreach work with a focus on physical activity in its broadest sense. It is not deemed necessary for the Council to invest additional capital in to facilities at this level, but to ensure access to the facilities for community use and sports/physical activity development and to facilitate coordination of activities.

E.36 Shaftsbury Sports Centre does not fit easily in to the proposed framework. It is also performing poorly financially. However, it does provide an important community facility in a deprived inner city area. It is therefore recommended that an alternative management option for the centre is explored. Prior to transfer it is recommended that the Council invests a sum of money into improving the quality of the facility, bringing it up to modern day standards eg DDA access, improving changing facilities etc.

Priorities - A phased approach

E.37 The priority for the city should be development of the indoor and outdoor hubs in the first instance. The hub facilities form the core of the project and once completed should be supported by developments/ enhancements at satellite facilities.

E.38 It is recommended that a phased approach to development is adopted, with an element of flexibility to respond to changing and emerging opportunities.

E.39 The preferred phased approach taking into account existing facility condition, 2012 legacy opportunities, community demand for facilities and external pressures/imminent opportunities is as follows:

- Initial phase (priority):
  - Develop the new indoor hub on a site preferably in the city centre. Keep Queens and Moorways open until the new facility is operational. Once operational these facilities can be closed
  - Develop the new outdoor hub at Moorways or on an alternative site (Pride Park has been identified as a potential option). This includes replacing the existing athletics track
  - Build a new swimming pool facility in the south of the city to compensate for the loss of Moorways Pool
  - Replace/refurbish Gayton Pool in line with the high court order.
- Later phases:
  - Refurbish Woodlands School (although this could be moved forward in to phase 1 depending on external funding timescales)
  - Addition of a pool on to Springwood
  - Investment in to Shaftsbury prior to transfer to alternative management vehicle.

Facility mix options & capital costs

E.40 Based on the comprehensive supply and demand analysis, the preferred facility mix at each level of the hierarchy has been set out with associated headline capital costs and possible site options.

E.41 The hub level facilities form the core of the project and should be the top priority for development.

Facility mix options, indicative capital costs & potential site options

Level of hierarchy & phase	Facility mix	Indicative capital cost	Site options
Indoor hub Phase 1	1 50m pool with boom(s) & moveable floor (to replace the amount of water space lost by closing Queens and Moorways) • Teaching pool • Leisure water • Spectator provision (c500 seats) • 100 station h&f gym (including junior gym equipment*) • Flexible studio space • 3 squash courts with flexible wall (*6 courts) • Café • Creche/Soft play • Healthy living / health promotion facilities	£21.8m	To ensure maximum accessibility, the preferred site for the indoor hub would be within the city centre, close to public transport connections.

Level of hierarchy & phase	Facility mix	Indicative capital cost	Site options
	• Office space for partners & clubs etc • Supporting facilities e.g. changing, parking etc • Training kitchen* • Health suite* • Indoor bowls*		
Outdoor hub Phase 1	• Replace athletics track • 250m indoor velodrome with 10-12 court sports hall and c500 seats (can also be used for events) • Closed road cycling circuit (1.5-2km) • Outdoor courts • Office space for partners & clubs etc • Supporting facilities e.g. changing, parking etc • 80m indoor athletics straight* • Bar/café*	£18.5m	The existing Moorways site is the preferred option for the outdoor hub. A second option would be Pride Park, although this has implications in terms of land purchase.
Satellite – South Phase 1	• 25m x 4 lane pool (with 40 station gym), • Beginners MTB course* (Assumes dry facilities provided via BSF)	£4m	Potential sites include Noel Baker School, Sinfin School, another school site.
Satellite – North Phase 2	• Refurbish Woodlands School Pool	Nil (funded through Free Swimming Capital Bid)	Woodlands school
Satellite – West Phase 2	• Refurbish/replace Gayton Pool	£1m	-
Satellite – East Phase 2	• 25m x 4 lane pool	Potentially nil, could be facilitated through procurement of private sector partner. If Council required to fund pool, c£4m.	Preferred site - Springwood Leisure Centre
Shaftsbury SC	• Refurbishment (DDA access, changing facilities, air conditioning etc)	c£1m	Shaftsbury SC
* Desirable (these have not been included in the indicative capital costs)			
Total	**Hub facilities – c£40m** **Satellite facilities – c£6-10m** **= £46 - £50m.**		

E.42 It would be sensible to add in a contingency premium to the total capital cost to cover land purchase, demolition costs, environmental measures (in line with Breeam excellent standards) and phasing of development. This would take the total capital cost of the project to c£48-52m.

E.43 The business planning exercise identifies a revenue position in a mature year of operation of c.£1.5m pa subsidy requirement (including lifecycle costs). This represents a net saving in the range of £300-800k pa, compared to current expenditure and depending on the treatment of lifecycle costs. In broad terms, this reduction in revenue cost is sufficient to facilitate Prudential Borrowing of between £4.5m and £11m of capital.

E.44 Other potential capital funding sources include Sport England, EMDA, NGBs, naming rights, sec 106 contributions and potentially the University. Assuming the Council can generate a level of Prudential Borrowing through revenue savings, and an additional £5-10m from a combination of the other identified funding pots, the funding shortfall is in the region of £30-£40m.

E.45 Given that the Council would have to spend c£18m simply for basic refurbishment of existing facilities and c£37m for the remodelling and adaptation option then the cost to the Council of c£30-40m to provide new and refurbished facilities is deemed to be good value for money. Indeed, considering that the £18m basic refurbishment is effectively the 'do nothing' cost, then the additional £15-20m for long-term high quality facility provision appears to be a worthwhile investment.

Next steps

E.46 In order to move the project forward and keep momentum, it is recommended that the Council progresses a number of workstreams in parallel, including:

- Detailed site options appraisal for hub and satellite level facilities
- Management options study
- Confirming funding availability through further discussions with Council Members and identified partners
- Progression of detailed design and procurement, specifically including outline planning permission.

E.47 By progressing the workstreams in parallel, the Council can retain some flexibility around the facilities mix to ensure that the whole scheme is matched to funding provision.

Summary

E.48 This is a unique opportunity for Derby to develop a long-term vision and sports facility infrastructure to help achieve its vision of becoming England's Most Active City.

E.49 The 2012 Olympic Games is likely to set a precedence for sports facilities across the country with people comparing their own local facilities with those of London. If these are of poor quality (as they are in Derby currently) then the question is likely to be asked as to why.

E.50 Given the opportunities that currently present themselves for Derby and with the Olympic Games just over the horizon, the timing of this project is crucial. This is to ensure facilities are in place to capitalise on the interest that is generated as a result of the Games and to ensure an Olympic legacy for Derby. Timing is also of the essence to ensure that Derby does not lose out to other cities in the Midlands in terms of filling the gaps for regional standard facilities.

E.51 Now is the time to show local communities and other cities across the Country what Derby is striving to achieve, now is the time to act and ultimately 'put Derby on the map'.

1. Introduction and Background

01

Introduction

1.1 Derby City Council (the Council) appointed pmpgenesis in June 2009 to prepare a business case to inform and support the Council to make decisions in relation to the future of its facilities for sport, active recreation and physical activity. This is to ensure that the Council maximises its resources and assets to meet the future need and aspirations of the community and to fulfil its ambition 'to be England's most active City'.

1.2 This study will help to inform and support the Council to make key decisions on future facility needs and service delivery and how this can be funded and sustained. It will create a business case for developing the next generation of provision, services and opportunities to be provided by the Council.

Background to the study

1.3 The Council's current leisure assets are well used and provide an important community service. A number of the facilities, however, have reached the end of their economic life and are no longer fit for purpose.

1.4 In May 2007, the Council's Chief Officer Group received a report highlighting the major issues arising from the Council's building portfolio. It stated that the situation is now so serious that it cannot be resolved by merely increasing spend but that more radical solutions are required. A strategic review of Sport and Leisure Facilities was also undertaken (in 2005) which highlighted the significant capital that would be required to refurbish or rebuild the current stock of Council leisure facilities.

1.5 The 2008 Place Survey clearly demonstrates the impact this is having on resident's perceptions of Derby and the local services they receive. Indeed, there has been a significant decline in the satisfaction with sport and leisure facilities from 57% in 2006 to 36.9% in 2008 – a decrease of more than 20%.

1.6 These statistics are substantiated by Sport England's Active People survey which shows that satisfaction levels with sports facilities have fallen significantly from when the first survey was undertaken in 05/06, to 07/08. This puts Derby in the bottom 25% nationally for resident's satisfaction with local sports provision.

1.7 The Council has commissioned this study to consider future provision options and ensure that a long-term, value for money approach is taken.

Project scope and key objectives

1.8 Critical to the development of a business case is an understanding of the overarching vision and range of objectives that the service is intended to deliver. The decisions made during the development of the business case, and its ultimate success or otherwise should be judged against the vision and objectives of the project. The vision and objectives therefore must be reflective of:

- the aspirations for the service
- feedback from consultation
- wider local and regional issues, and

- practical delivery issues.

1.9 The preferred option must also represent value for money and be affordable.

1.10 The vision and core business of the sport and leisure service is:

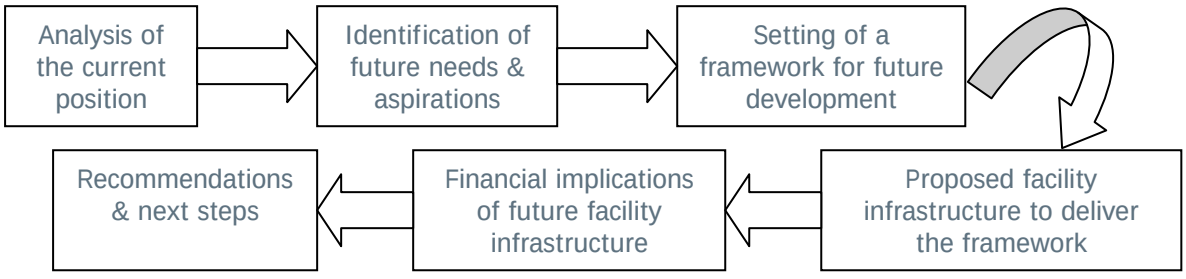
'to help Derby become the most active City in England by 2015'.

1.11 This vision is supported by eight core business areas that define and drive the service. These are identified in the table below:

Core business areas	
1	The Service will support and target behaviour change to increase participation
2	The Service will develop recreation sport
3	We will improve health through physical activity
4	We will invest in the future by focusing on Children, Families and Young People
5	We will develop and support the infrastructure of club sport
6	Swimming and aquatics is a core activity in the delivery of the vision
7	We recognise the important role we play in developing the Place of Derby for the next generation of opportunity and provision
8	Everything we do is underpinned by consultation, research, evidence, evaluation, monitoring and social marketing.

1.12 The aims and objectives stated above have been used to formulate specific evaluation criteria and develop a long list of project options that are examined later in this report.

1.13 The following flow diagram illustrates the process that has been followed in preparation of the business case.



1.14 This business case study therefore covers the following:

- Identification of strategic and business need for a revised facility infrastructure
- Future facility framework required to deliver objectives
- Options appraisal process and selection of preferred options
- Financial implications of preferred options
- Next steps for implementation.

2. Strategic Need

02

2.1 A review of past facility audits, plans, assessments and strategies, both across the city and county wide, clearly illustrates the need to address the Council's deteriorating facility stock. Past reports and assessments recommend that 'to do nothing' is not an option and that key decisions are required on the future of facilities. This is particularly if the city 'is to develop and create more opportunities for participation in physical activity and sport for the local community and visitors' as outlined in the Citywide Physical Activity and Sport Strategy, 'Getting Derby Active'.

National and regional context

2.2 This business case has been developed in the context of both national and regional strategies, all of which emphasise the need to get more people physically active. The two key documents for building the foundations of sporting success and for increasing activity levels across the country are:

- Sport England Strategy 2008-2011 – Grow, Sustain, Excel
- 'Be Active, Be Healthy: A Plan for Getting the Nation Moving' (Department of Health, 2009).

2.3 Sport England is aiming to create a world-leading community sport system of clubs, coaches, facilities and volunteers. It aims to do this by working in partnership with national governing bodies, national partners, the HE/FE sector, local government and community organisations. The focus is around three outcomes - growing and sustaining the numbers of people taking part in sport and improving talent development to help more people excel.

2.4 In relation to physical activity in its widest sense, 'Be Active, Be Healthy' establishes a new framework for the delivery of physical activity alongside sport for the period leading up to the London 2012 Olympic Games, Paralympic Games and beyond. Programmes outlined in the plan will contribute to the Government's ambition of getting 2 million more people active by 2012 and have been designed to leave a lasting legacy from the Games.

2.5 Be active, be healthy also sets out new ideas for Local Authorities and Primary Care Trusts to help determine and respond to the needs of their local populations, providing and encouraging more physical activity, which will benefit individuals and communities, as well as delivering overall cost savings. The plan also recognises that to achieve the ambitions for a healthier, fitter nation we will need a world-class delivery infrastructure for physical activity.

2.6 Increasing levels of physical activity is also a key priority within the Health Strategy for the East Midlands 'The Next Stage for Investment for Health' because of the significant impact it has on health, mental wellbeing and productivity.

2.7 There is no longer a regional plan for sport, however, regional priorities are set by the Regional Cultural Strategy: The Place of Choice (2006). This plan supports a hierarchy of provision in the form of high level regional and sub regional facilities serving the Principal Urban Areas.

Countywide context

2.8 A County Built Facility Strategy was produced in 2007 which sets out a vision for the County to:

"Create a network of high quality community and specialist sports facilities within Derbyshire that will enhance the quality of life of people within existing, new communities and visitors."

2.9 The document states that compared with other counties, Derbyshire has a lack of facilities suitable for the higher levels of performance sport. Facilities and programming of facilities are considered to be inadequate to support the needs of talented athletes and current facilities are not capable of staging or supporting major sporting events.

2.10 It also recognises that much of the supply of local sports provision in Derbyshire is of a low quality and requires urgent investment to modernise, improve and expand facilities. The strategy states that an integrated plan for investment in school sports provision through Building Schools for the Future (BSF) and Private Finance Initiative (PFI) and the modernisation, improvement and expansion of Council owned sports facilities is lacking and should be given the highest priority by Derbyshire Sport, Local Authorities and the governing bodies of sport.

2.11 The Countywide strategy specifically identifies a number of key themes that are central to achieving the vision for the County. These are:

- Development must be underpinned by need, both current and future
- Facilities development must be supported by sports development to ensure that the desired impacts in terms of increased physical activity and participation are achieved
- The delivery of this sporting infrastructure must examine innovative solutions, new partnerships and funding methods
- The County should aspire to a series of key landmark sporting projects
- Opportunities presented by planning policy changes (planning obligations, County levy's and planning gain supplement) to fund major sporting infrastructure developments should be maximised to the full
- The 2012 Olympics and Paralympics present a unique opportunity for sport
- There is a need for a high quality network of facilities to meet with NGB aspirations that can see the creation of an Olympic legacy for Derbyshire, before, during and after the Games
- Key agencies and stakeholders must work in partnership and show clear leadership to drive the strategic recommendations forward
- The County needs to develop a Sports Tourism Marketing Strategy; existing sports tourism events should be supported; new events identified; existing facilities upgraded; and new facilities developed where there is an identified need. In short, Derbyshire needs to establish and continuously reinforce and authenticate its reputation for being a County with true sporting pedigree.

2.12 Proposals for the future sporting and physical infrastructure for Derby have been developed in the context of these key themes, recognising the gaps in provision and the opportunities that are presented.

2.13 The countywide strategy also makes a number of recommendations in relation to specialist facility requirements. It recommends that the four county priorities to be pursued are:

- A 50m pool
- Indoor athletics facilities
- Outdoor athletics facilities
- Indoor tennis provision.

2.14 It also states that, when considering the population increase across the County and the requirement to increase participation, the current portfolio of facilities for sports halls and swimming pools needs to be maintained as a minimum. Where existing sites may be lost, through development or closure, facilities of the same or improved standard should be provided to meet the continued needs of residents.

2.15 In addition to setting out recommendations and key themes for future facility development across the county, the strategy also identifies a number of issues and opportunities specific to Derby City. These include:

- the opportunity to provide a rationalised and enhanced sports infrastructure through Building Schools for the Future
- the opportunity to provide a 50m pool with a moveable bulkhead and floors to replace existing local authority provision
- to support discussions to provide for a replacement for the Moorways athletics track
- to investigate the feasibility of dedicated indoor training facilities for athletics
- to consider development of an indoor bowls facility
- to open discussions with Derbyshire LTA with regards to finding a new location for the LTA Indoor Centre in Derby.

2.16 The recommendations outlined in this strategy have been considered in the development of this business case.

Local context

2.17 Over the past five years the Council has completed a number of plans and assessments including condition surveys, options appraisals and independent facility assessments. However, due to competing capital priorities, the Council's facilities have suffered from a long period of under investment, deterioration is accelerating and the risk of partial or full closure is increasing.

2.18 The table overleaf summarises the key messages from a review of past citywide documents that relate to the existing (and potential future) facility infrastructure.

Document	Key messages
Best Value Review Of Sport & Leisure Services (2004)	• Identified need for significant capital investment simply to 'stand still' • Recognition that the Council has some serious issues to address, and some significant decisions to make • At 2004/5 prices, a capital expenditure requirement of £5,215,000 was identified over a 25 year time frame to cover capital plant replacement for mechanical and electrical building services only • There are diminishing revenue resources year on year to operate the same level of service • Current revenue budgets do not make sufficient provision for refurbishment of existing facilities • Impression that services are fragmented and there is little integration between key service areas, notably between sports facility management and sports development • Investment in information technology is a requirement of the Sports and Leisure Service to enhance the service provision and delivery at facilities.
Derby City Council Indoor Sport and Recreational Facilities Strategy (2005)	• All of the key Council sports facilities (with the exception of Springwood) are in need of significant modernisation/refurbishment/replacement • The feasibility of a new build at Moorways should be explored • A full intrusive condition survey of City Council Sports and Leisure Facilities is required to ascertain the cost of modernisation and improvement • The extended schools programme and community centres should be used to provide opportunities for local communities to participate in physical activity and sport • A number of specific facility needs were also identified: - more fitness stations - indoor athletics training facilities - replacement of existing athletics track - better training and playing facilities for basketball - an indoor bowls facility - access to more water space for swimming clubs. • Strategic planning – there is an opportunity to develop a hierarchy of provision across the city, based on the provision of a number of key strategic facility locations • Facilities must meet local need - a smaller number of key facilities across the City will ensure that all residents are able to access a range of activities and facilities • Better quality facilities will encourage and facilitate increased participation

Document	Key messages
	• Partnership working is key for future facility provision.
Getting Derby Active..... "Doing more today than yesterday" (June 05)	• There is a need to make better use of existing facilities in schools, community centres, children's centres and private health and fitness facilities, public open space, allotments and natural environments • Traditional facilities are not necessarily the most appropriate for local communities • Facilities need to be more multi-functional and offer choice within their programming to cater for as wide a range of potential user as possible • Awareness of healthy lifestyles promotion and cultural and disability requirements need to be addressed within facilities.
Leisure Facilities Options Appraisal report (2005)	The purpose of this report was to identify options available to the City Council for achieving a required facility mix across existing leisure centres within the City boundaries and sets out costs associated with each option over a twenty five year period. The options considered were: • A basic refurbishment – the total cost of this option is c£17.7 million. It was noted that this option will not achieve the required facility mix as it allows for no additional facilities within the centres. • An alter and adapt/remodel - the total cost of this option is c£36.8 million. • A rebuild on the existing site - the total cost of this option is £70.5 million.
Place Survey (2008)	• Shows a significant decline in the satisfaction with sport and leisure facilities in Derby from 57% in 2006 to 36.9% in 2008 – a decrease of more than 20% • This satisfaction rate is 10% lower than the average unitary authority score.

2.19 This previous work clearly identifies an immediate need to determine how Derby can develop the next generation of facilities and services in order to increase physical activity levels, increase levels of satisfaction from residents and provide a high quality sport and physical activity facility infrastructure.

2.20 In addition, it is vital that the facility stock is improved in order to meet the Council's overall vision 'To make Derby a modern, attractive city where people live safely, harmoniously and achieve their potential.'

2.21 In addition to these sport specific documents, there are a number of other strategic plans that have been considered in the development of this business case. These include:

- Derby City Partnership: Sustainable Community Strategy – whose vision for 2020 is that 'Derby will be a place where people of all ages and from all walks of life will feel they belong to Derby and that Derby offers them everything they need – for work, education, housing, leisure and a safe and healthy lifestyle"

- Connecting Derby: Integrated transport plan – which will significant improve the transport infrastructure across Derby and which is likely to significantly alter the way in which people travel across the city

- Healthy Derby: A Ten Year Strategy – which is aiming to Making Derby a healthier place for everyone

- Getting Derby Active: "Doing more today than yesterday" - which is the is the Citywide Physical Activity and Sport Strategy aimed to develop and create opportunities for participation in physical activity and sport for the local community and visitors to the city

- Derby Tourism Strategy – which aims to create a 'City product' building upon the cities location, history, attractions, accommodation, conferencing, retail, entertainment and professional sporting venues.

2.22 Derby is clearly aspiring to increase physical activity levels amongst residents, and as a result, hopes to reduce health inequalities and incidences of poor health that are associated with leading a sedentary lifestyle. The city's ambitions to increase its profile to visitors is also clear. In order to do this, it is fundamental that the right amount of high quality facilities are provided in the right places that are accessible to all. It is important that the stock of facilities not only meets the needs of the population now, but also in the future.

Derby profile

2.23 According to official statistics, Derby is home to over 236,000 people. However the latest local estimations put the figure at closer to 243,000 people and the number is continuing to increase (Source: Sustainable Communities Strategy 2009-2011).

2.24 There are proportionately more young people in Derby compared to the England average, however, the proportion of older people in Derby is set to increase, while the number of young people is expected to decline (Source: 2006-based sub-national population projections). The high number of young people currently, is, in part, influenced by the high number of students based in the city, which includes over 12,600 at the University of Derby (Source: 2009 UoD figures for students based at Derby City) and more than 4,500 full-time students at Derby College.

2.25 As in many urban areas, nearly a third of Derby's population lives in deprived areas with multiple problems such as unemployment, poverty and poor health. The diversity of Derby is also increasing with new arrivals from different countries.

2.26 Cultural and leisure activity plays an important and increasing role in the life of the city with more and more people taking part. These changes in demographics are likely to have implications on the demand for sport and leisure facilities and services in the future.

Participation in sport and physical activity

2.27 The health benefits of taking part in sport/physical activity on a regular basis have long been recognised. The national survey (Active People) undertaken by Sport England in 2005/06 and repeated in 2007/08, captured data relating to participation levels in sport and physical activity that could be analysed at local authority level.

2.28 The headline KPIs for Derby from the Active People survey are set out in Table 2.1 overleaf. This also shows how Derby is performing nationally. The APS1 and APS2 column in the table shows where there are statistically significant increases or decreases between the results for the two surveys.

Table 2.1 - Participation levels in sport and physical activity

	Active People Survey 1	Active People Survey 2	APS1 v APS2
3 x 30 sport - At least 3 sessions x 30 minutes, moderate intensity sport per week (all adults)	14.40%	17.50%	No Change
KPI 1 - At least 3 days x 30 minutes, moderate intensity participation (sport and recreational walking and cycling) per week (all adults)	20.40%	22.00%	No Change
KPI 2 - At least 1 hour of volunteering to support sport per week (all adults)	4.00%	7.00%	Increase
KPI 3 - Member of a sports club (all adults)	26.00%	26.60%	No Change
KPI 4 - Received sports tuition or coaching (all adults)	16.50%	13.80%	No Change
KPI 5 - Taken part in organised competitive sport (all adults)	13.80%	18.20%	Increase
KPI 6 - Satisfaction with local sports provision (all adults)	70.20%	63.30%	Decrease
NI8 - At least 3 days x 30 minutes, moderate intensity participation (sport and recreational walking and cycling and for those aged 65 years and over - yoga; pilates; indoor and outdoor bowls; archery and croquet) per week (all adults)	21.00%	22.40%	No Change

Source: Sport England Active People Survey 2005/06 & 2006/07.

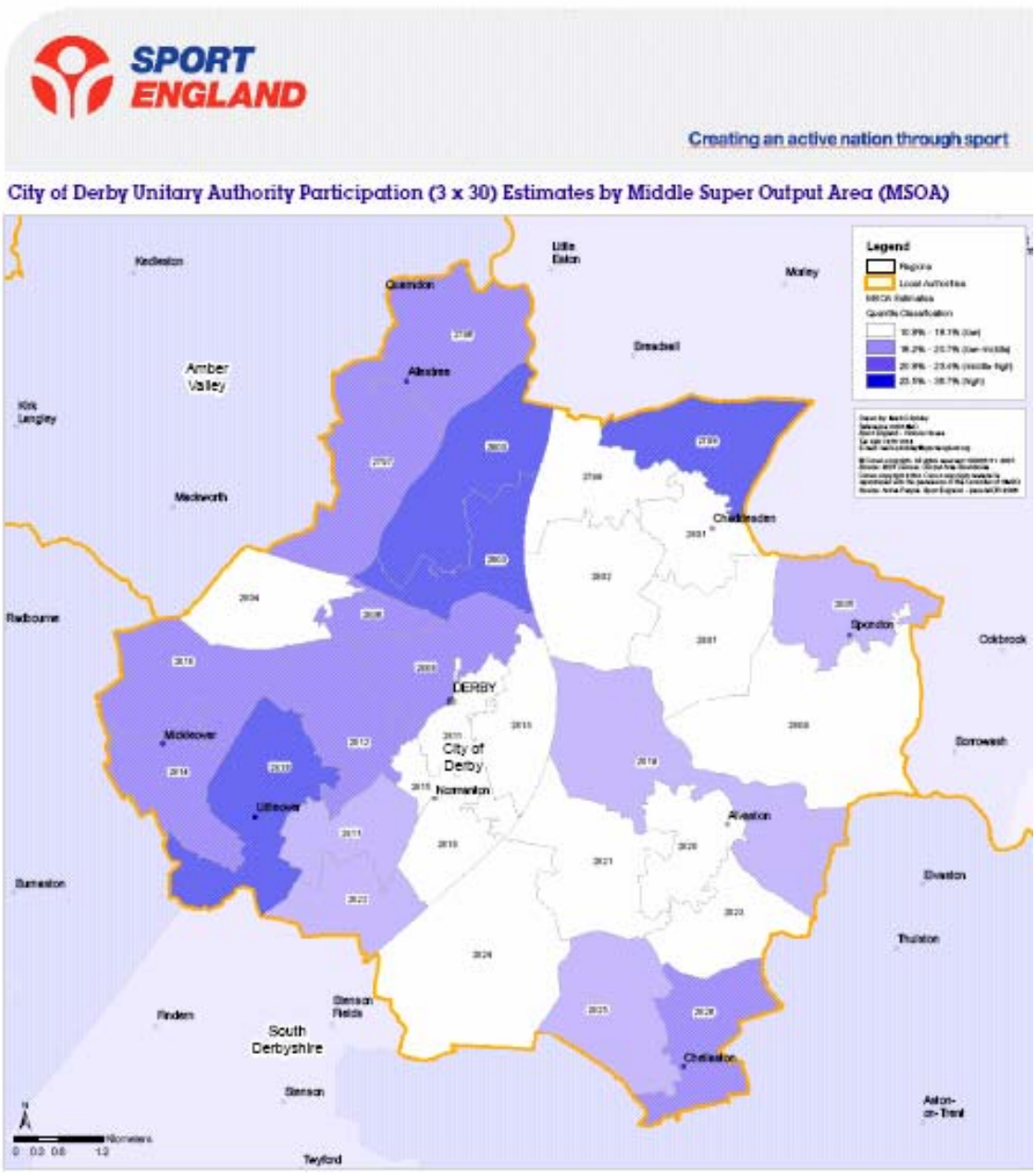
Key:	
	in top 25% (nationally)
	in middle 50%
	in bottom 25%

2.29 Of particular note and relevance to this study, is the fact that a lower proportion of adults in Derby (compared to nationally) are satisfied with their local sports provision. Indeed, satisfaction levels have fallen significantly from 70% when the first survey was undertaken in 05/06, to 63% in 07/08. **This now puts Derby in the bottom 25% nationally for resident's satisfaction with local sports provision.** These findings are in line with the 2008 Place Survey which also suggests that satisfaction levels have decreased significantly over the last two to three years. Falling satisfaction levels are likely to reflect the ageing nature and declining quality of the facility stock across the city.

2.30 Conversely, the Active People Survey findings suggest that despite the low satisfaction with facilities, more people are volunteering and more people are taking part in organised competitive sport. Nevertheless, there is clearly scope to increase participation levels in physical activity further so that Derby falls within the top 25% nationally and achieves its aim of becoming 'England's most active city'.

2.31 Sport England has subsequently undertaken further analysis of the Active People survey data to model participation rates at middle layer super output area (MSOA – ie smaller areas within a local authority). The information from this analysis for Derby is shown in Map 2.1 overleaf. The higher rates of participation ie the 'hot spots' are shown in the darker colours and the lower rates of participation, ie the 'cold spots' shown in white and lighter blue colours. Of particular note, is the fact that there are lower levels of participation within the city centre, the south of the city and out to the north east of the city.

Map 2.1 – Sport and physical activity participation levels in Derby



Source: Sport England Active People Survey 2005/06

2.32 This data can be used to target interventions and outreach work in to those areas with lowest participation levels.

b-active

2.33 The City's b-active programme is a partnership between the City Council, the Primary Care Trust and Derby City Partnership. It is part of the City's Physical Activity Strategy, which helps children, young people and adults in Derby to be more physically active.

2.34 b-active is an industry leading programme and is widely recognised as such. It has a very strong brand identity which will continue to be important for future delivery of physical activity interventions and initiatives. This strong brand identity is not currently replicated within facilities. This is something that should be considered in future facility development in order to increase visibility of City Council facilities across the city and strengthen the relationship between development services and facilities.

2.35 Delivery of the b-active programme is currently restricted by the physical constraints of existing facilities. The existing stock is not conducive to developing the programme and there also appears to be a level of friction between the operation of the facilities and developmental activities, which is restrictive to rolling out programmes.

2.36 The Vision for the b-active programme moving forward is to adopt more of an outreach approach, delivering activities and interventions into the community. A hierarchical approach to future facility development, with a mix of high quality hubs and local community facilities, will support this approach.

Market Segmentation

2.37 Using data from the Active People surveys, together with information from other national surveys and data sources including census data, health data the 'Taking Part' and 'British Crime' Survey and information from Experian lifestyle databases, Sport England has developed a market segmentation model. The model is made up of 19 different 'sporting' segments to help understand the attitudes, motivations and perceived barriers to sports participation. This is particularly important to understand in order to ensure that the facilities in Derby cater for the needs and expectations of local residents.

2.38 Residents are classified according to their key characteristics and analysis of the dominant market segments provides an indication as to the type of facilities that may be required if certain groups are to become active. The key characteristics of some of the dominant population groups in Derby are illustrated in Table 2.2.

2.39 Market segmentation shows that 'Elsie & Arnold' is the most dominant market segment in Derby. Other dominant segments within the city and their typical characteristics are outlined in Table 2.2 overleaf.

Table 2.2 – Dominant market segments in Derby

Segment	Profile	Sports that appeal
Elsie & Arnold (Retirement Home Singles)	Age 66+ Retired singles or widowers Living in sheltered accommodation	Walking, bowls, dancing, low-impact exercises
Kev (pub league team mates)	Age 36-45 Blokes who enjoy pub league games and watching live sport	Football, darts, karate, snooker, weight training, fishing, boxing, pool, rugby, cricket
Jamie (Sports Team Drinkers)	Age 18-25 Young blokes enjoying football, pints and pool	Football, karate, martial arts, weightlifting, boxing, rugby
Philip (Comfortable Mid-Life Males)	Age 46-55 Mid-life professional, sporty males with older children and more time for themselves	Sailing, gym, football, jogging, badminton, golf, cycling, cricket
Tim (Settling Down males)	Age 26-35 Sporty male professionals, buying a house and settling down with partner.	Canoeing, skiing, hockey, golf, cycling, climbing, squash, football

2.40 This information has informed development of the future facility framework and should also be used to help the Council invest into areas that will have the greatest impact in increasing participation.

2.41 The following section looks at the adequacy of existing sports facilities across the city and details the current position for each particular facility type. It summarises the findings from consultation and from use of strategic planning tools, in relation to the need for facilities and sets out a number of opportunities for Derby to improve its facility infrastructure.

3. Supply and Demand Analysis

03

3.1 Derby City Council currently owns and manages six sport and leisure facilities, namely:

- Springwood Leisure Centre, Oakwood
- Moorways Sports Complex, Osmaston
    - Moorways Sports Centre and Swimming Pool
    - Moorways Stadium and Outdoor Sports Facilities
- Shaftesbury Sports Centre, Arboretum
- Queen's Leisure Centre, Derby City Centre
- Derby College Sports Centre, Prince Charles Campus, Mackworth.

3.2 Some contextual information relating to these facilities and a summary of their current performance is detailed in section four.

3.3 In addition to the key Council leisure facilities, many of the schools in Derby have sport and leisure facilities that are available for community use. There is also a network of community facilities, some of which are used for recreational activities. The private sector also has a strong presence in Derby, particularly in terms of providing health and fitness facilities.

3.4 A supply and demand assessment to assess the adequacy of current facility provision was undertaken as part of the Sports Facility Strategy developed in 2005. However, due the advancement in Sport England strategic planning tools, it was felt that the supply and demand analysis for the main types of sports facilities should be revisited as part of the this study to inform development of the business case for new and improved facilities.

3.5 We have therefore re-assessed the supply and demand analysis for the following types of facilities:

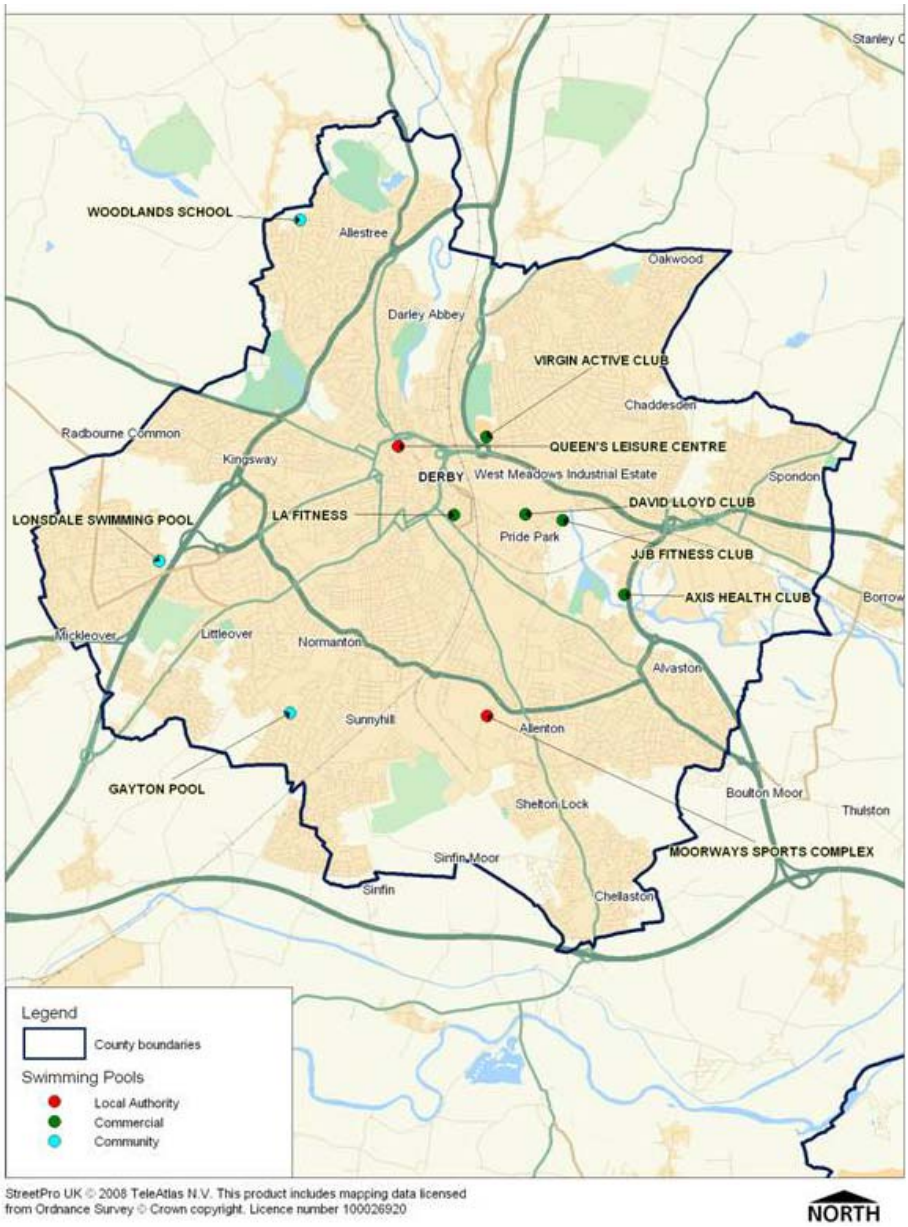
- swimming pools - using Sport England's Facility Planning Model (FPM)
- sports halls - using Sport England's FPM
- health and fitness gyms – using Sport England's Active Places Power strategic planning tools and pmpgenesis' own model.

3.6 For other types of facilities, where strategic planning tools are not available, facility needs have been assessed via consultation.

Swimming pools

3.7 There are currently 10 swimming pools in the City of Derby as identified on Map 3.1 below.

Map 3.1 - Swimming pools in Derby



3.8 Table 3.1 overleaf provides additional information with regards to the current pool stock. It shows that, currently, the existing provision is equivalent to 3333m^2 of which 1465m^2 (43%) of this is provided by the two council facilities; Moorways and Queens.

Table 3.1 - Swimming pools in Derby

Name of facility	Area pool 1 (m^2)	Area pool 2 (m^2)	Area pool 3 (m^2)	Access Type	Year built	Year refurbished
Moorways Sports Complex	412.5	131	160	Pay & Play	1974	-
Queen's Leisure Centre	325	310	126	Pay & Play	1932	1992
Lonsdale Swimming Pool	225	-	-	Pay & Play	1968	-
Woodlands School	160	-	-	Pay & Play	1970	2006
Gayton Pool (currently closed)	108	-	-	Pay & Play	1978	-
Axis Health Club	150	-	-	Registered Membership Use	1999	2007
David Lloyd Club	325	375 (Lido)	-	Registered Membership Use	1998	-
JJB Fitness Club	162	-	-	Registered Membership Use	2001	-
Virgin Active Club	210	50	-	Registered Membership Use	2001	-
LA Fitness	104	-	-	Registered Membership Use	1982	2007

3.9 As can be seen from the table, all of the swimming pool facilities that are accessible to the public without registered membership are more than 30 years old. Indeed the oldest facility (more than 75 years old) is the local authority pool complex at Queens in the city centre. Whilst this facility has been refurbished since it was built, this was 17 years ago.

3.10 The previous facility assessments identify the poor condition of both Queens and Moorways in terms of both the fabric of the building, the internal structures and the suitability of the ancillary facilities eg changing accommodation. Neither of these two facilities are deemed to be fit for purpose any longer.

3.11 The commercial facilities are more modern and are of higher quality compared to the local authority facilities, however, access to these facilities is often restricted to certain parts of the population due to membership requirements and pricing.

3.12 The other three facilities in Derby are:

- Woodlands School Pool – a 20m x 8m pool located on a school site in the north of the city
- Gayton Pool – a small pool located at Gayton Junior School which was closed by the City Council in 2007 for health and safety reasons. However, following a campaign by the Local Community Association and a high court order, the Council must keep the pool open through repairs/refurbishment or rebuild
- Lonsdale Pool – the former university pool, which was designed with minimal facilities as it relied upon the availability of other support on the Campus. Following relocation of the University, the site became redundant and was sold to a Developers Consortium with a requirement in the Planning Consent for the pool to be retained for the benefit of the Community. A Trust was formed in 2006 to take on management of the facility. The facility no longer meets current requirements for a public access pool and running costs are very high. The costs are only supported via a Section 106 Planning Requirement until 2025 after which time it is likely to close.

3.13 One of the issues with swimming pool provision that was raised on several occasions through consultation, was that fact that all existing pools are conventional pools with no provision of leisure water for families, toddlers and young people.

Sport England FPM analysis

3.14 As part of this study, Sport England has undertaken an analysis of swimming pool provision in Derby using its Facilities Planning Model (FPM). For full details of the FPM analysis please see appendix A. The results of this analysis can be summarised as follows:

- Several pools in Derby are viewed to be 'unattractive' because of their age, specifically these are Moorways, Queen's and Lonsdale
- Derby has less water space per 1000 population than the regional and national average and the level of unmet demand for swimming pools is notably higher. This will continue to rise because of the population increase, if the facility stock remains static
- There are surprisingly high levels of unmet demand close to both Moorways and Queens. Their relatively low attractiveness may well account for this
- The unmet demand translates to 352 m^2 of water, which equates to nearly two additional 25m x 4 lane pools across the city
- The poorest level of provision includes substantial areas in the central, southern and western parts of the city
- One in 3 swims by Derby residents are met outside the City i.e. residents are travelling out of the city to use pools in neighbouring authority areas
- Derby has a higher percentage of the population without access to a car (compared to England/region) indicating that there is a higher than average local demand for pools
- Overall, Derby residents have a poor level of pool provision when compared with both the regional and national averages. Almost every part of Derby is below the national average for personal share of pool space.

3.15 The notion that many residents are travelling outside of the city to swim was verified through an analysis of the free swimming initiative. A mapping exercise was undertaken by Derbyshire Sport to identify where customers who have registered for a free swimming card reside. These maps show that a significant number of Derby's residents travel out to facilities in Erewash and South Derbyshire (Etwall) to swim.

3.16 This is likely to be due to a number of reasons including better quality, more modern facilities in other authority areas, provision of leisure water (of which there is none in Derby) and the fact that residents living on the outskirts of the city, are much more likely to use the facility that is nearest to them (irrespective of Council boundary areas), especially if it provides a better offer.

3.17 However, it should be noted that the FPM/supply & demand assessment is only one element of the options appraisal process. It is a theoretical model and must be considered alongside other variables such as consultation findings, meeting set criteria, VFM (Value For Money) assessments, suitable sites for development etc. These factors will be considered later within the options appraisal process. However, in strategic terms there is a need to address the ageing facility stock across the city to meet current and future demand.

Demand for swimming in Derby

3.18 To inform development of the business case, consultation has been undertaken with relevant governing bodies of sports (NGBs) and key clubs to get ascertain their swimming pool facility needs. A summary of facility needs identified during discussions is provided below.

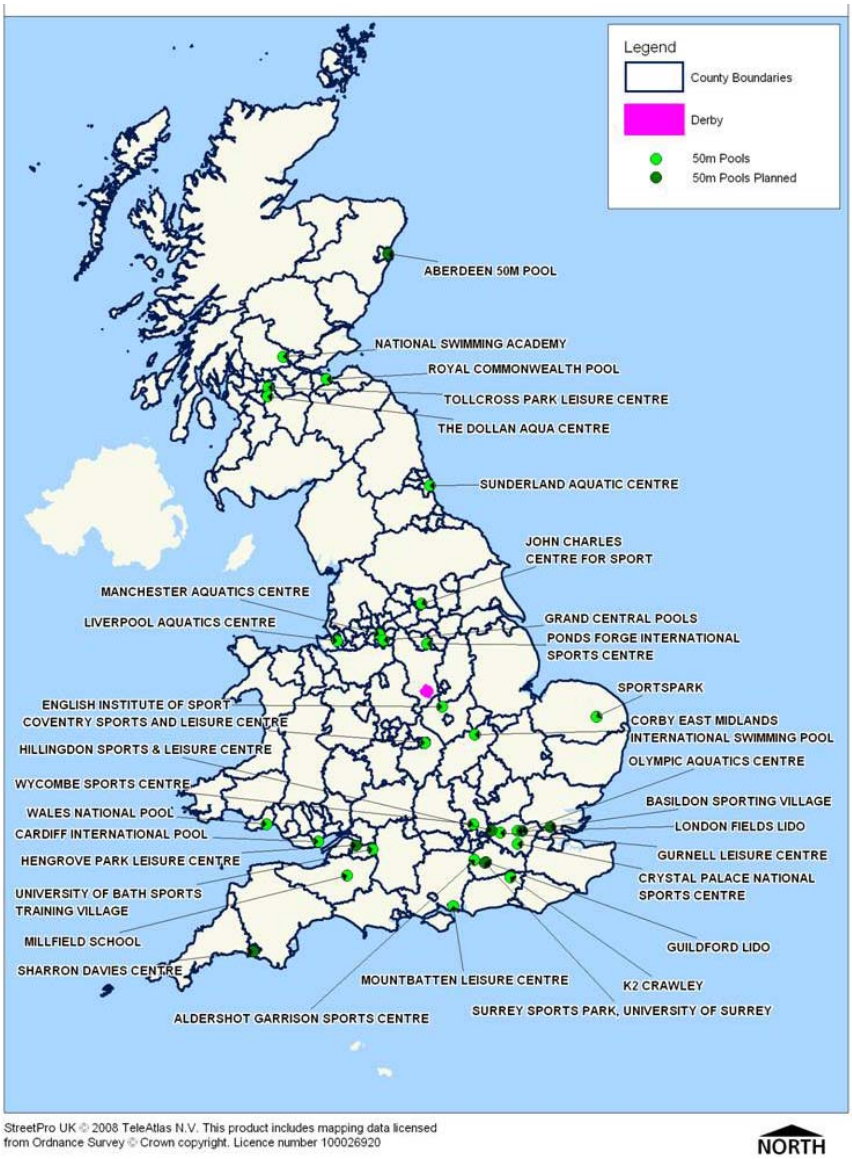
Consultee	Summary of facility needs
ASA – representing swimming, disability swimming, diving, open water, synchro and water polo	• Improved facility stock to help meet their national target of 600,000 more people swimming at least once a month • Co-location of swimming pool facilities with other sports facilities and other health and communities facilities is a high priority • The wider swimming strategy that goes with any new/refurbished provision is very important • Target to provide a 50m pool in every city in the region - Flexibility of water space is key e.g. booms, moveable floors etc • Would see a 50m pool in Derby as being a 'community' 50m pool rather than a 'competitive' pool, due to the presence of Loughborough and Ponds Forge. Would require c350-500 seats for galas and events • Must consider technical requirements of other disciplines e.g. water polo, synchro, canoe polo etc. Would require space around pool edge for land training/warm up etc • Disability access is important in any new pool facility • Shortage of diving facilities in the East Midlands (only Corby has diving facilities at present). If diving is something that is of interest to Derby then there is a gap to be filled, but it would not be the highest priority for the ASA • Re diving - there is an opportunity to link with the ASAs new 'Flip and Fun' initiative developed to introduce children's first steps in to diving. Opportunities to work across sports and link with gymnastics/trampolining. This could generate interest and income • Teaching & leisure water - cautious about providing a learner tank with leisure water elements, this is often conflicting.
Canoeing/canoe polo NB A document has been provided by Viking/Iceni Explorer Scout Unit outlining the requirements for canoeing in Derby in detail to be considered in the preparation of this business case. This has been provided at Appendix B.	• Canoeing is very popular in Derby. There are 5 canoe clubs and two canoe polo clubs, one of which is currently the BCU National Division One League and Cup Champion • Public sessions that are currently run (for the City Council) by Viking Canoe Club at Queen's Leisure Centre in the school summer holidays and on Monday nights throughout the year are always over-subscribed • National league division 3 and 4 canoe polo matches are currently held at Moorways – this is possible due to the 33m pool • Moorways/Queens is also used by several Team GB canoe polo athletes for training • The inclusion of a 50-metre pool in future plans is imperative for the future of canoe polo in Derby. The minimum pool size that can accommodate canoe polo matches is 33m. If Derby was only to offer 25 metre pools in the future, then the city would cease to be able to host even lower National League tournaments • A 50-metre pool would also enable major tournaments to be hosted in Derby e.g. national league division 1 and 2 matches which currently have to take place in Coventry and Leeds • The inclusion of 25-metre pools in satellite locations across the City would be of great value as they can be used for teaching.

Consultee	Summary of facility needs
Derbyshire Sport (County Sports Partnership)	• There is a Countywide need for a 50m pool to provide a long course venue for competitive swimming • The Countywide Facilities Strategy identifies a need for a 50m x 8 lane pool with a moveable bulkhead and floors to ensure that it is multifunctional and therefore suitable for a wide range of uses • There are currently two key swimming clubs in Derby (City of SC and Derby Phoenix SC), several dive/sub aqua clubs and the canoe and canoe polo clubs all of whom are likely to make significant use of a 50m pool. In addition the county has an elite swimming squad, Derventio Excel, and South Derbyshire Water Polo Club, both of whom would make use of a 50m pool • The key to any new pool is flexibility to cater for public swimming, lessons, clubs etc – a 50m pool designed in the right way can provide this flexibility • The CSP would envisage a 50m community pool model for Derby which can also host competitive swimming events.

Exploring the 50m pool option

3.19 There are currently 26 50m pools in the UK plus another seven planned facilities. Map 3.2 below identifies the location of these.

Map 3.2
50m pools in the UK



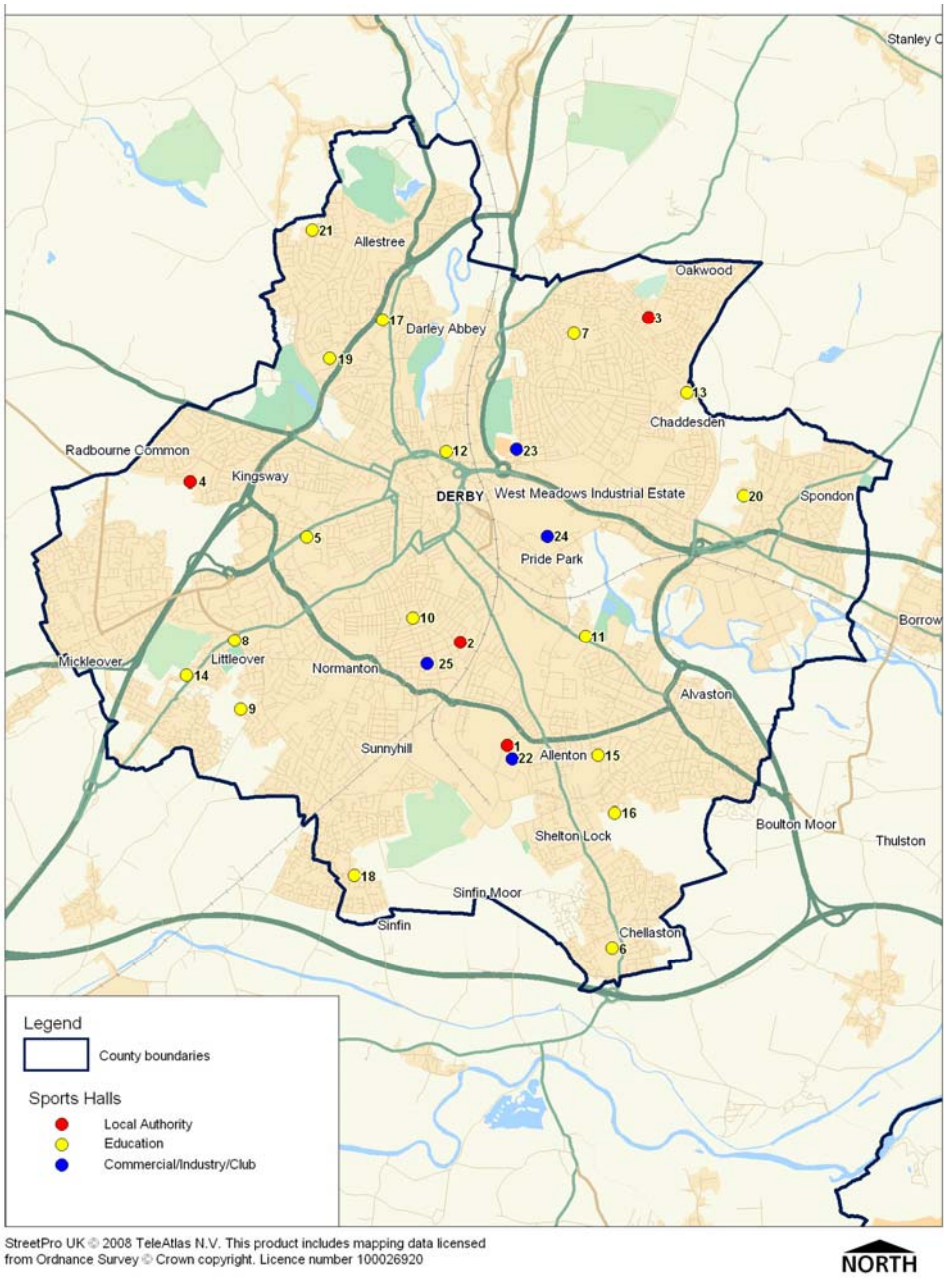
3.20 The only 50m pool within an hour's drive time of Derby is at Loughborough University. This, however, is a training tank, primarily for use by students and elite performers. This facility has very limited access for the community. Other than this, the closest 50m pools are in Sheffield, Corby and Coventry.

3.21 Providing a 50m pool in Derby will have many social benefits for the residents of the City in terms of providing a swimming facility for leisure and training. It will also be of benefit to the county and region by providing a regional competition standard pool which will help to attract visitors in to the area. Discussions with Manchester Aquatics Centre suggest that this type of facility has a significant draw, attracting users from much further afield than a typical 25m pool would.

Sports halls

3.22 There are currently 25 facilities with sports halls spread across the City of Derby as identified on Map 3.3 below.

Map 3.3 - Sports halls in Derby



Key:

Id	Site Name	Id	Site Name
1	Moorways Sports Complex	14	Littleover Community School
2	Shaftesbury Sports Centre	15	Merrill College
3	Springwood Leisure Centre	16	Noel-Baker Community School & Language College
4	Derby College Sports Centre	17	Saint Benedict Catholic School
5	Bemrose Community School	18	Sinfin Community School
6	Chellaston Foundation School	19	University Of Derby
7	Da Vinci Community College	20	West Park School
8	Derby High School	21	Woodlands School
9	Derby Moor Community Sports College	22	Rolls Royce Leisure Association
10	Hardwick Primary School	23	The Gateway Centre
11	Lakeside Community Primary School	24	David Lloyd Club
12	Landau Forte College	25	The Sherwin Club
13	Lees Brook Community Sports College		

3.23 Of these, only four are local authority facilities, these are:

- Moorways Sports Centre – 10 court hall built in 1974
- Shaftsbury Sports Centre – 3 court hall built in 1983
- Springwood Leisure Centre – 4 court hall built in 1997
- Derby College (managed by the City Council as a dual use centre) – 5 court hall built in 1985.

3.24 The remaining facilities are on education sites (17) or are located at clubs, private businesses or commercial facilities (4).

3.25 The quality of the local authority sports halls is much higher when compared to the swimming pool provision. However, there are still quality issues, particularly with the hall at Moorways. Sports halls on school/college/university sites are of varying qualities.

Sport England FPM analysis

3.26 As part of this study, Sport England has undertaken an analysis of sports hall provision in Derby using its Facilities planning Model (FPM). For full details of the FPM analysis please see appendix A. The results of this analysis can be summarised as follows:

- The overall level of provision of (badminton) courts per 10,000 people in Derby is at least 20% higher than both the national and regional levels
- Almost 94% of demand is satisfied compared to the regional rate of 92% and the national rate of 90%. This satisfied demand will drop to 86.7% in 2019 (if facility stock remains static) given the predicted population increase and reduction in attractiveness of the facilities
- The unmet demand translates to 10 additional badminton courts across the city by 2019
- The areas with the poorest level of provision are predominantly in the west of the city and also the Alvaston area in the east

- In contrast to the pattern for swimming pools, residents from neighbouring authority areas are travelling in to Derby to make use of the city's sports halls. This puts a greater demand on facilities within the city

- Derby has a higher percentage of the population without access to a car (compared to England/region) indicating that there is a higher than average local demand for sports hall space.

3.27 In summary, Derby has a relatively generous supply of sports halls which will be further improved through the BSF programme. There is not a large unmet demand across the city, the main issue is quality of some existing facilities. Again, for those on school sites, this will partly be addressed through the BSF programme.

3.28 An analysis of existing provision highlights that there is only one sports hall that is larger than five courts in size; this is at Moorways Sports Centre which provides a 10 court hall. A court of this size is of regional/sub-regional significance and is able to cater for certain tournaments, competitions and events that could not be accommodated in a smaller hall space. It also has the flexibility to cater for more than one activity at any one time which impacts positively on the flexibility of programming and therefore income generation.

3.29 We would recommend that the city should continue to provide a 10 court hall whether this is in an improved form at Moorways or as part of a new build facility.

3.30 The FPM/supply & demand assessment is only one element of the options appraisal process. It is a theoretical model and must be considered alongside other variables such as consultation findings, meeting set criteria, VFM (Value For Money) assessments, suitable sites for development etc. These factors will be considered later within the options appraisal process, however, in strategic terms there is a need to address the ageing facility stock across the city to meet current and future demand.

Demand for sports hall provision in Derby

3.31 Consultation with key stakeholders has identified the need for a large sports hall within the city:

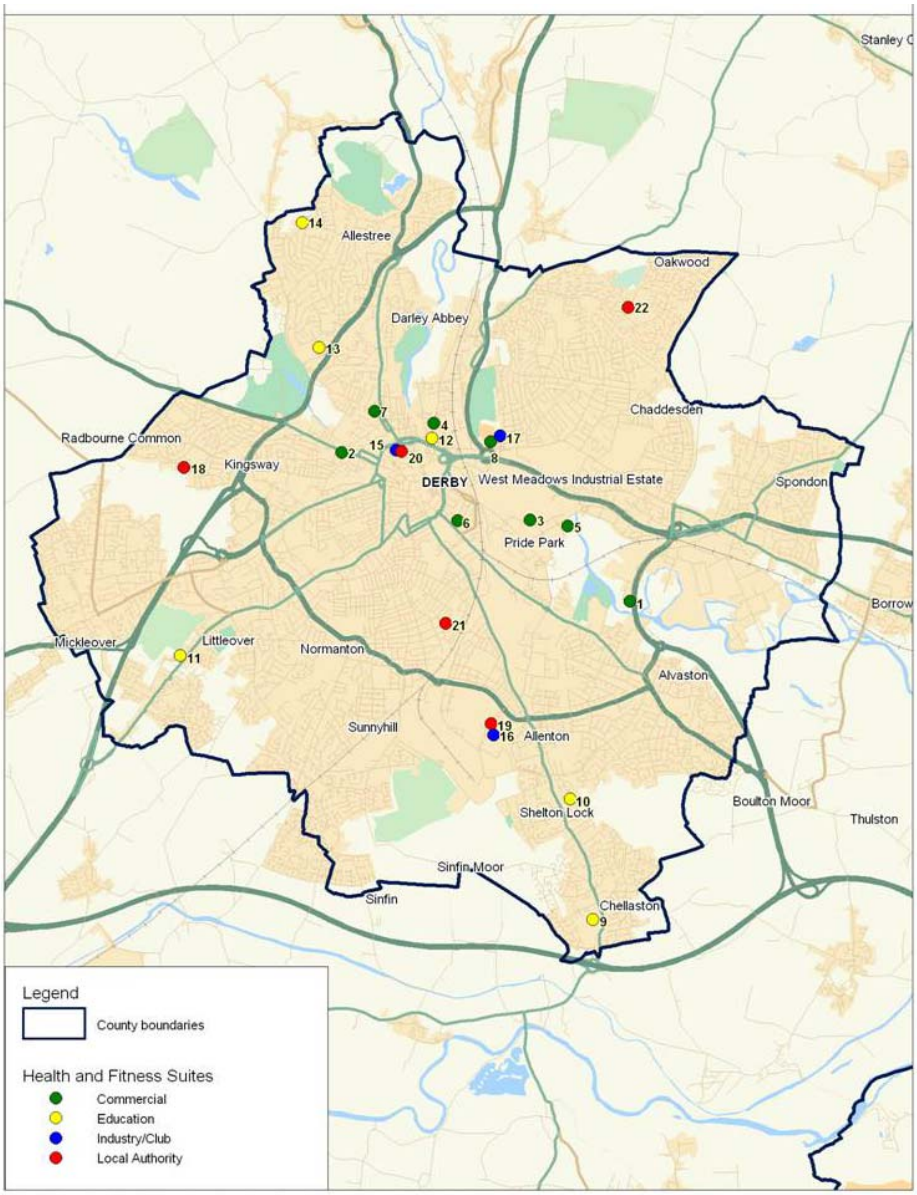
- University of Derby – Identified a shortage of basketball facilities in the City. They would make use of a 10-12 court hall, primarily in the daytime. The opportunity to use this for events and conferencing was also identified

- Derbyshire Sport/England Netball – England Netball has clearly identified the need for a two netball court sized indoor space and a facility with more outdoor provision in Derby. There are no two court (netball) halls within the County at present. One of these would be extremely useful to allow more girls to access talent provision and draw more events in to the County. For regional tournaments (at least 1 per year), a minimum of six (floodlit) outdoor courts is required.

Health & fitness provision

3.32 There are currently 22 health & fitness gyms in the City of Derby as identified on Map 3.4 overleaf. Of these, however, two facilities are school use only and are not accessible to the community. Together, the 20 accessible facilities provide a total of 1096 stations i.e. pieces of equipment.

Map 3.4 - Health & fitness facilities in Derby



Key:

Id	Facility Name	Id	Facility Name
1	Axis Health Club	12	Landau Forte College
2	B-Free Health And Fitness	13	University Of Derby
3	David Lloyd Club	14	Woodlands School
4	Fitness First Health Club	15	Derby City Gymnastics And Sports Centre
5	JJB Fitness Club	16	Rolls Royce Leisure Association
6	La Fitness	17	The Gateway Centre
7	New Leaf Fitness	18	Derby College Sports Centre
8	Virgin Active Club	19	Moorways Sports Complex
9	Chellaston Foundation School	20	Queen's Leisure Centre
10	Merrill College	21	Shaftesbury Sports Centre
11	Littleover Community School	22	Springwood Leisure Centre

3.33 Of the 22 facilities, five are local authority facilities, eight are commercial gyms, six are on education sites and three are industry or club facilities.

3.34 The commercial sector dominates the health and fitness market in Derby, providing 70% of provision. This includes several 'big players' including David Lloyd Leisure, JJB Fitness, Virgin Active, LA Fitness, Fitness First and the new Axis Health Club. In total, these six operators together provide c700 stations.

3.35 In comparison, the five local authority facilities only provide 188 stations in total. Of particular note is Moorways, whilst being developed as a 'regional standard' facility, it in fact, only has a health and fitness gym of 24 stations. This is small in terms of what would be expected for a complex of this size.

3.36 Currently, therefore, there is an imbalance in public and private sector provision which is something that could possibly be addressed in the future facility infrastructure.

Supply and demand analysis

3.37 Sport England's Facilities Planning Model does not include health and fitness provision. Active Places Power, however, another of Sport England's strategic planning tools is able to compare the amount of health and fitness provision in Derby with that of its ONS nearest neighbours, the region and the national figure. These findings are highlighted in Table 3.2 below.

Table 3.2 - Comparison of health & fitness facilities per 1000 population

	Health & fitness stations per 1000
England	5.40
East Midlands	4.87
Derby	**5.04**
Bolton	5.84
Kirkless	5.16
Preston	9.10
Walsall	3.69

3.38 The table shows that the amount of health & fitness provision in Derby is below the national average but above the regional average. Compared to its nearest neighbours, Derby has less provision than three out of four of the authorities. This analysis suggests that the number of stations per 1000 people is slightly below what would be expected for an authority of its type.

3.39 In addition to using the Active Places Power tool, pmpgenesis has established a model based on similar parameters to the FPM which assess the theoretical demand for facilities against existing supply. The model suggests that based on the current profile of the city, there is a demand for 1427 stations in Derby (against a current supply of 1096). This suggests an unmet demand equivalent to 331 stations. Using estimated population increase figures, this unmet demand is expected to rise to 469 by 2019.

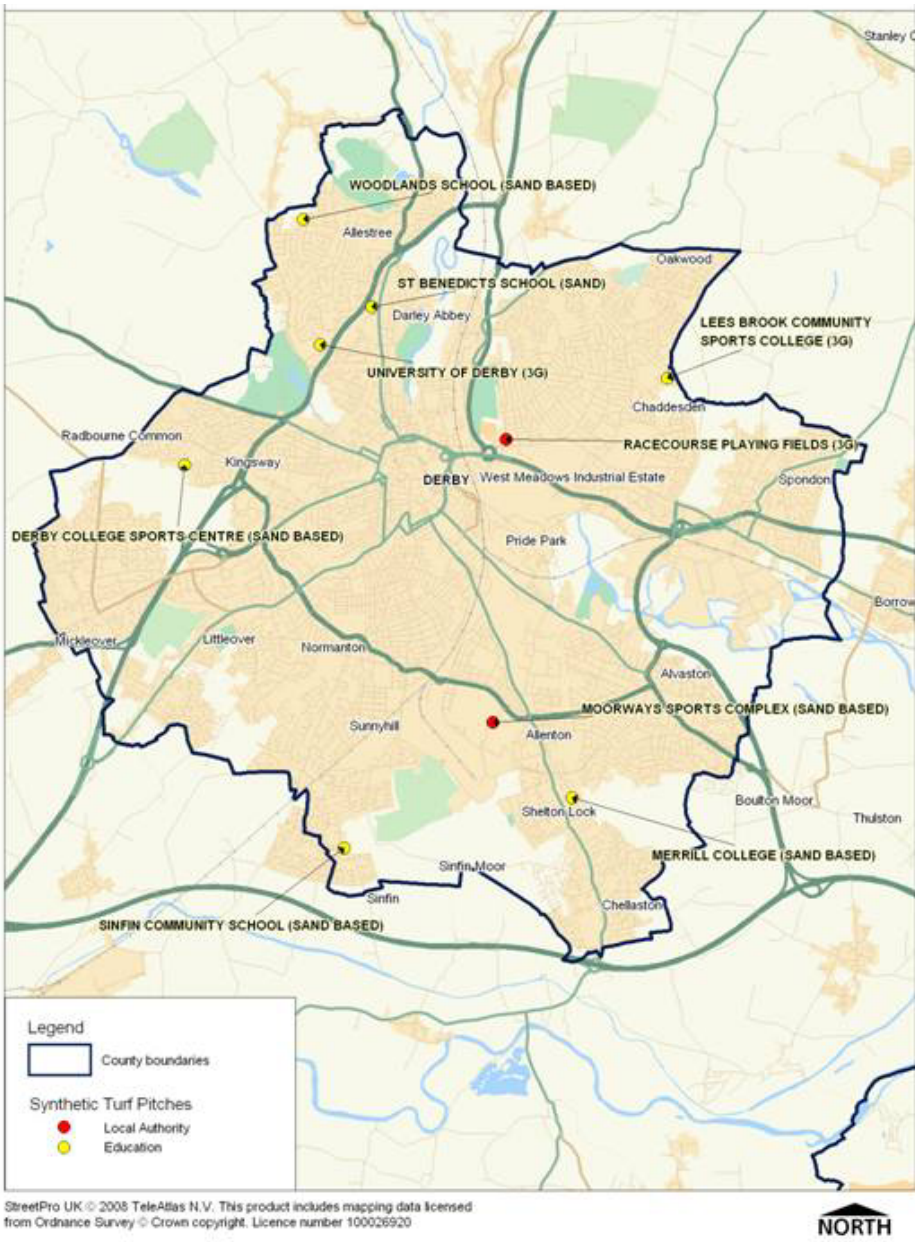
3.40 Both the Active Places Power analysis and the pmpgenesis model suggest that there is an opportunity to address levels of unmet demand and readdress the balance in public and private provision in the future by providing more (better quality) publically accessible facilities at affordable prices.

3.41 In addition, there may be an opportunity to provide specific junior gym facilities in the city, of which there are currently none.

Synthetic turf pitch provision

3.42 There are currently nine synthetic turf pitches in the City of Derby as identified on Map 3.5 below. Three of these are third generation pitches (most suitable for football) and six are sand based pitch (suitable for multi sports).

Map 3.5 - Synthetic turf pitch provision in Derby



3.43 Off the nine facilities, two are local authority facilities and the remaining are on school sites, although the STP at Derby College is managed by the local authority on a dual use basis.

Supply and demand analysis

3.44 Sport England's Facilities Planning Model does not include synthetic turf pitch provision. Active Places Power, however, similar to health & fitness, is able to compare the amount of STP provision in Derby with that of its ONS nearest neighbours, the region and the national figure. These findings are highlighted in Table 3.3 below.

Table 3.3 - Comparison of STP provision per 1000 population

	STPs per 1000
England	0.03
East Midlands	0.04
Derby	**0.05**
Bolton	0.02
Kirklees	0.02
Preston	0.05
Walsall	0.04

3.45 The table shows that the amount of STP provision in Derby is above the national average and regional average. Compared to its nearest neighbours, Derby has more provision than three out of four of the authorities. This analysis suggests that the number of STPs per 1000 people is in line with/slightly above what would be expected for an authority of its type.

3.46 Contradictory to this, however, the 1 pitch per 25,000 population calculator used by the FA suggests that Derby should have 10 pitches to meet the demand in 2025. This would suggest demand for one additional pitch by 2025.

3.47 Neither of these calculations include smaller pitches or commercial 5-a-side provision such as the JJB Soccerdome at Pride Park. Clearly these facilities provide an important role for 5-a-side play, training, recreational play.

3.48 In summary, Derby currently has a relatively generous supply of STPs which may be further improved through the BSF programme. We would recommend that current levels of provision are retained and future demand be monitored for the potential need for additional facilities in the future.

Demand for other types of sports facilities

3.49 For those facility types for which we do not have statistical data, we have assessed the future need for facilities through consultation and through a review of previous needs assessments and sports strategies (as outlined in section 2).

3.50 There are a number of key facility development opportunities that have arisen for which Derby City is ideally placed to pursue. These include development of new facilities and improvement to the existing infrastructure for sports that are already catered for in Derby.

3.51 These opportunities and the need for such facilities are outlined in more detail below but can be summarised as:

- Facilities for cycling – including a velodrome and closed road cycle circuit
- Facilities for athletics – including replacement of the existing track at Moorways and potential for indoor training facilities
- Facilities for indoor bowls.

3.52 The demand and opportunities identified in relation to the above sports are in addition to the demand identified for swimming pools, sports halls, health & fitness provision and synthetic turf pitches.

Facilities for cycling

3.53 The profile of the sport has been raised by recent Olympic and World Championship success, and as a result, the popularity of cycling as a recreational and sporting activity is on the increase.

3.54 Derby City itself is one of eight designated Cycling Cities. It is a Sustrans National Cycle Network hub town, with four major routes passing through the city. As a result, the sport is already very popular in Derby and across the County.

3.55 Derbyshire and the Peak District are well established as mountain biking destinations and there are many cycle ways and cycle trails existing in the county. Cycling is also a recognised and integral part of the tourism offer within the county.

3.56 The popularity of cycling and the importance of the sport in getting people active is recognised by Derby City Council and this is reflected by the 'Cycle Derby' project. This is a City Council-led project which has a vision 'to give every young person in Derby the opportunity and desire to cycle - encouraging them to become Derby's cycling future by working with schools, colleges, the University, local clubs and community groups'.

3.57 There are 92 identified cycle clubs in the East Midlands and 12 clubs across the County, of which five are Go Ride Clubs (a club that has committed to work towards Clubmark accreditation, a quality accreditation scheme for clubs with junior sections).

3.58 Despite the popularity of cycling across the city (and county) there are very few, dedicated, purpose built cycling facilities. The majority of cyclists have to use roads, pathways and the natural landscape.

3.59 In terms of road racing, this is becoming increasingly difficult to organise safely and British Cycling regulations preclude road racing on the public highway for under 16's. In terms of track cycling, the nearest all year round (indoor) facility is in Manchester.

3.60 The lack of built infrastructure for cycling in Derby and Derbyshire, and indeed the East Midlands, makes it difficult for cycling to develop further. This gap in provision has been recognised by British Cycling (BC) and as a result, the development of cycling facilities in the East Midlands region is a key priority in its Whole Sport Plan (WSP).

British Cycling Whole Sport Plan

3.61 As part of its WSP, British Cycling has outlined a 'Traffic Free Cycle Sport Facilities and Events on the Public Highway Intervention'. This is aligned to BC's Participation and Excellence Vision to increase participation in cycling as a sport and to increase the levels of success in International Competition.

3.62 The need for a safe environment to participate is recognised as being fundamental to a satisfactory sporting experience in any sport. It recognises that cycling is unique in terms of facility provision in that it has not historically had a 'home' for the sport. In order to sustain and grow the current activity levels in the sport and to meet the latent demand for cycling, significant investment is required to create an appropriate 'playing' environment for cycle sport in the next decade.

3.63 BC is aiming to create a new network of traffic free cycle sport facilities with appropriate ancillary facilities to improve the quality of the cycle sport experience for all participants and to make the sport accessible and attractive to identified priority groups such as women and the disabled.

3.64 The Traffic Free Cycle Sport intervention embraces all the disciplines governed by BC, namely:

- Road
- Track
- BMX
- Off Road (Mountain Biking, Cyclo-Cross)
- Cycle Speedway.

3.65 It is aiming to create a network of 53 new permanent traffic free cycling facilities by 2013 which would move the sport from 108 permanent facilities to over 160 facilities.

3.66 Within the East Midlands, British Cycling has identified the need for five new facilities:

- Two cycling specific permanent closed circuits (Road)
- One velodrome (Track)
- One BMX track
- One off road track (Mountain Biking, Cyclo-Cross).

3.67 The proposed new facility requirements have been developed by analysing the current facility provision for cycle sport by Region and by discipline and identifying key gaps in provision. Schemes and investment have been prioritised against disciplines by using the criteria of current provision, Olympic status and participation levels.

3.68 The WSP states that new facilities should be integrated into multi-sport facility developments wherever possible to minimise operating costs and enable multi-sport usage and access to ancillary facilities e.g. changing rooms. BC has indicated that there is some partnership funding available for development of cycling facilities in the East Midlands region.

3.69 Consultation with British Cycling's National Facilities Manager identified the need for cycling facilities in the East Midlands without being specific as to the location. The East Midlands Region currently has no permanent cycling facilities for road or track racing, and the region is BC's top priority for the construction of road racing circuits and a velodrome to replace the Leicester and Nottingham tracks, both of which closed in the last 10 years.

3.70 BC is currently pursuing several opportunities in the region, but none are regarded as certainties at present. With regards to Derby, BC stated that it is ideally situated geographically, and with strong support from the City Council and its partners, the NGB is confident of the chances of success.

3.71 The main opportunities that appear to be available to Derby are:

- A closed road race circuit
- A velodrome – indoor or outdoor.

3.72 There is already a BMX track at Alvaston Park and also another track is being developed near to Pride Park. In terms of mountain biking and cyclo-cross facilities, these would be better placed elsewhere in Derbyshire. Therefore the main opportunities for Derby lie with a closed road cycle circuit and a velodrome. Ideally these facilities would be on the same site, as part of a multi sports facility environment.

3.73 Developing new high quality cycling facilities will provide a catalyst to make the sport even more popular and more accessible to a wide audience. It could also link to the city's Park and Ride scheme, easing traffic congestion across the city. It could also provide a legacy from the Olympic year 2012 offer, attracting an increased number of visitors and cycling sports enthusiasts. This development would help to raise the profile of the region and showcase Derby, Derbyshire and the East Midlands as a leading destination for cycling. This opportunity directly responds to recommendations within the East Midlands Tourism: Tourism Investment Opportunities Assessment, which identifies the Peak District and Derbyshire as a destination of significant outdoor sporting potential, with a growing reputation for mountain biking and cycling. Indeed, there could be many cross cutting benefits to such a project.

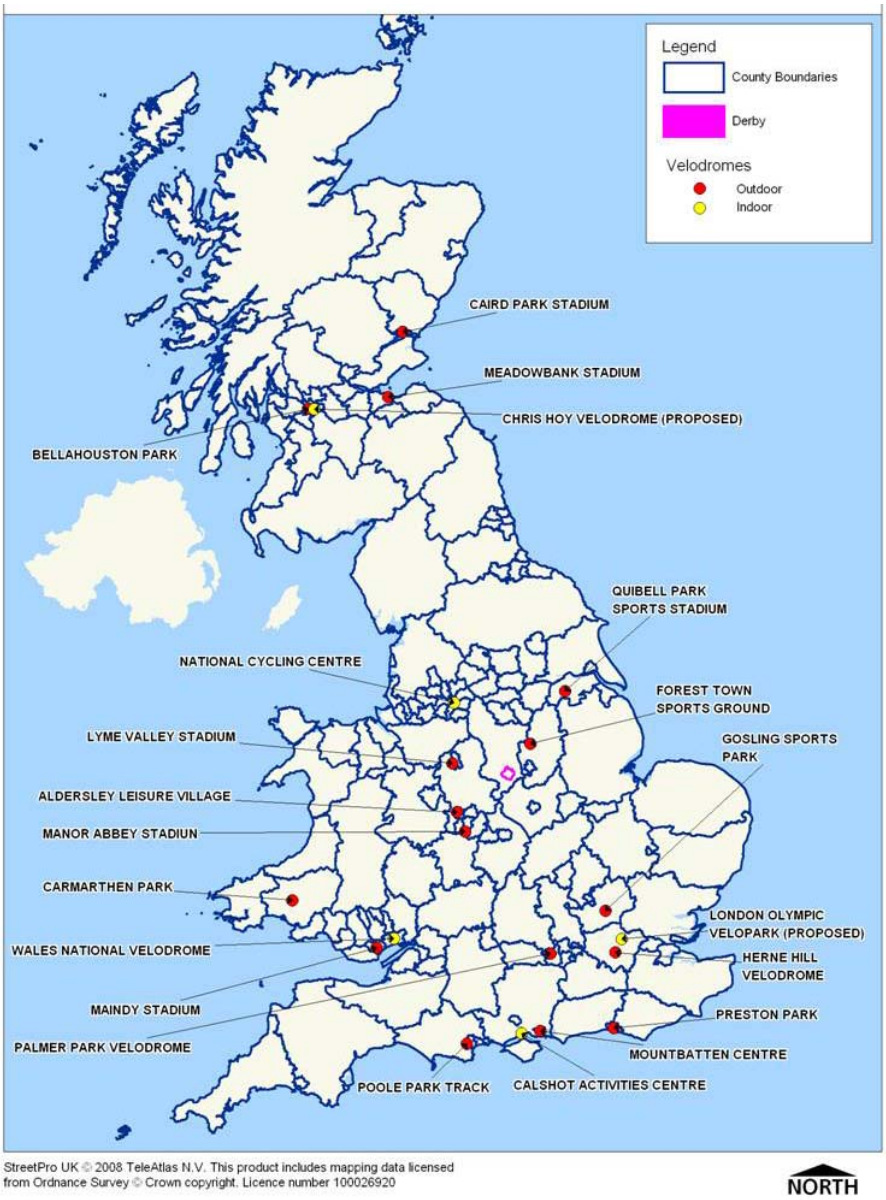
Demand for a velodrome and closed road racing circuit

3.74 British Cycling has clearly illustrated a gap in provision for a velodrome and closed road cycle circuit in the East Midlands. We believe that Derby is ideally placed to provide such facilities given:

- its links to the Peak District
- its central location within the UK where a large percentage of the country's population can travel to within two hours
- that it is well served by East Midlands Airport
- the opportunities to link to, and build upon, the success of Cycle Derby
- that Derby City is one of eight designated Cycling Cities, a Sustrans Hub City.

3.75 A mapping exercise has been undertaken which identifies the location of existing velodromes and closed road cycle circuits in the UK and in the region. This is shown in map 3.6 overleaf.

Map 3.6 - Velodromes in the UK



3.76 Map 3.6 shows that there are no indoor velodromes in the East Midlands region. The closest indoor velodrome is the National Cycling Centre in Manchester. The only other indoor facilities are in Newport in Wales and Calshot in Southampton. There will also be two new indoor velodromes built in time for the 2012 Olympic Games and 2014 Commonwealth Games, in London and Glasgow.

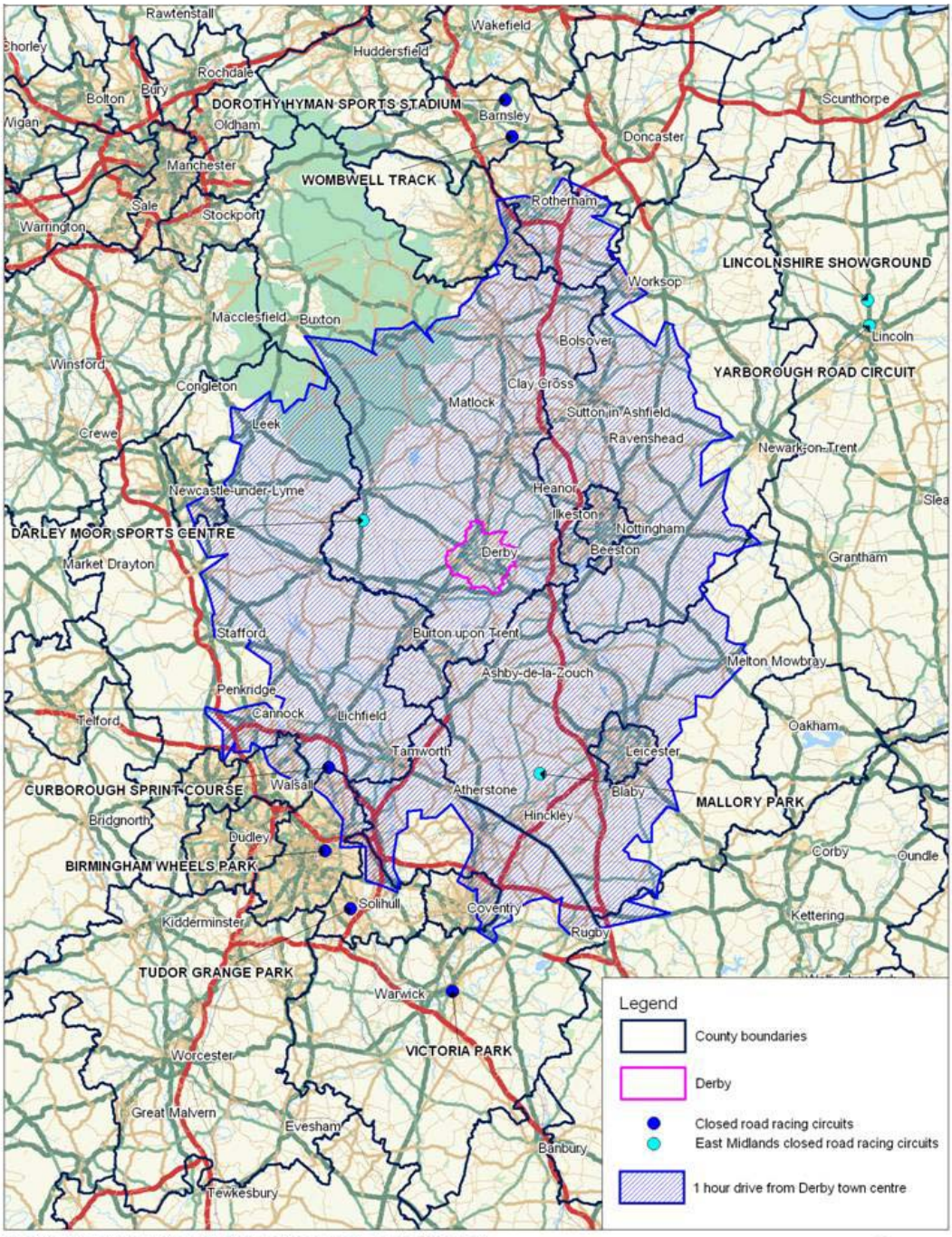
3.77 All other velodromes in the UK are outdoor, however, these are only useable in dry weather conditions and are therefore out of use for a significant proportion of the year. There is only one of these within an hour's drive time of Derby at Forest Town Sport Ground in Mansfield – this is a 402m tarmac track built in 1908 which is no longer fit for purpose.

3.78 An indoor velodrome, if well designed, can cater for much more than cycling. Indeed, a concept recently developed by FaulknerBrowns Architects in conjunction with British Cycling can accommodate a space equivalent to 12 badminton courts in the centre of the track. This can be used for court sports/competitions or as a space for events, concerts, conferences etc which can hold a maximum of

5,000 people. This size of space is in short supply in Derby and could dovetail well with the stated requirement to maintain a large sports hall space in the City.

3.79 Map 3.7 below identifies the location of existing closed road racing circuits within an hour's drive time of Derby.

Map 3.7 - Closed road cycle circuits within an hours drive time of Derby



3.80 Map 3.7 shows that there are two road racing circuits within an hour of Derby. These are at Mallory Park in Leicestershire and Darley Moor Sports Centre in Ashbourne. BC, however, has identified the need for two additional road racing circuits in the region and has identified Derby as a prime location for one of these.

3.81 This type of facility has many benefits in that it can cater for much more than cycling. Examples of the other types of activities that can take place on these circuits include:

- Walking
- Running/jogging
- In-line skating
- Cycle proficiency
- Road safety training
- Disability programmes.

3.82 Provision of a velodrome and a closed road cycle circuit in Derby can benefit all levels of physical activity from 'active living' right through to elite performance. Three primary target markets have been identified which can be developed further with British Cycling and other partners:

- Active Living
- Active Recreation
- Sport
  - FUNdamentals (aged 5-16): - Learning and enjoying the fundamentals of riding a bike
  - Learning to Train (12-18): - A time for learning how to train and to learn technical and tactical skills in a range of cycling disciplines
  - Training to Compete (16-23): - A multi-discipline approach will still be evident to differing degrees but there will be a gradual specialisation over this stage for certain groups into particular events
  - Competing to Win (19+).

3.83 New facilities will also assist with the development of the following:

- Bike Ability ('cycling proficiency' for the 21st Century) – to expand provision in both the City and County
- After School Cycle Clubs – to increase the number of school clubs and create exciting new programmes for delivery in schools
- School festivals and competitions – Derbyshire Sport employs five competition managers in Derbyshire and they could be used to drive the work to develop a new series of local, district and county level festivals and competitions in a range of disciplines/age groups
- School Club Links – the Council, Derbyshire Sport and partners could potentially use the 5 hour offer resources to increase the number of strong school club links to cycling clubs around the county

- Go-ride clubs – potential to significantly increase the number of Go-ride clubs in the county
- Club Mark Clubs – to help increase the number of club mark standard clubs
- Cycling Development Officer – potential to appoint a county cycling development officer for the county/region to maximise usage of the facilities and further develop the sport
- More courses for teachers, coaches, volunteers – to significantly increase the support to teachers coaches and volunteers and increase the number of courses run to support their development
- Talent squads – to position the creation of county/regional development squads of riders who have the potential to move to talent development programmes
- Derby, a Cycling City – to raise awareness and increase participation in Everyday Cycling
- University of Derby – an opportunity to increase their profile as a 'sport' university with a focus on cycling
- Sustainable Transport – to use the focus on cycling to further the cycling travel plans within the city and county
- Maximise Everyday Cycling and Bike Week – new high quality facilities will help to make even better use of these national initiatives to raise awareness of cycling opportunities
- Turbo Challenges – to maximise the potential for cycling challenges within gyms and also Turbo Challenges within public areas such as shopping centres etc
- Cycle to work facilities – could be better provided for with storage, lockers and showers plus possible links to the Park and Ride scheme.

Facilities for Athletics

3.84 The Council currently owns and manages an athletics track and field facility and stadium at Moorways Sports Complex. It comprises a 400m eight lane floodlit international standard track, outside throwing areas, a practice sprint track, seating for 650 people and additional space for several thousand spectators. A floodlit grass football pitch is situated in the centre of the athletics track.

3.85 The track was first built in 1974 and refurbished in 2004. It sits in a 'natural bowl' which is likely to be difficult to recreate elsewhere. The facilities are available for booking by individuals or groups, however, it is used by Derby Athletic Club exclusively on Tuesday and Thursday evenings and Sunday mornings 1000-1200. The club owns its clubhouse and this is their main source of income. Members pay an annual subscription and all income supports the funding of competitions and pays for athletes.

3.86 The track itself is in need of renewal/replacement as the surface is disintegrating, at a cost of c£400k. This is required to retain the track licence and certification from England Athletics to allow it to continue to host national athletics meetings. If the track is not replaced/renewed then it is likely that Moorways (and therefore Derby City) will lose its certification to host this level of event. If the track is not replaced/renewed by Spring 2011, then competitions and training may also be in jeopardy.

3.87 Moorways currently hosts a number of national league meetings including the British Athletic League, BAL Cup, Northern League, National Junior League, Young Athletes League and County Championships. National league competitions can sometimes attract over 1500 people. It also hosts the under 23 International League meeting. It also hosts local athletics meetings and training. As well as Derby Athletic Club, Amber Valley and Chesterfield Athletic Clubs also use Moorways for their home league matches.

3.88 The Moorways athletics track and stadium are classed as a strategic regional resource by England Athletics. Much of their planning for Derby, Derbyshire and the East Midlands is based upon the existence of a fully certified track at Moorways. England Athletics is investing in athletics in Derbyshire via a pilot scheme called the 'Derbyshire Network' which aims to support the athletics clubs across the county to increase co-operation, increase the number of youngsters participating in athletic, improve the numbers and quality of coaches and provide an inclusive environment for disabled athletes.

3.89 The facilities at Moorways are seen as having a significant role to play within the scheme as a centre for coaching and workshops for high level performance development, as well as being a centre for developing an athletics competition programme for schools and young athletes. There are no other athletics facilities of this standard in the East Midlands that can host as high a level of event as Moorways.

3.90 The need for an indoor athletics training facility has also been identified by Derby Athletic Club, the NGB and the CSP. The Club has indicated that it has some funding to put towards development of an indoor training facility. The type of facility required is an 80m indoor straight.

Demand for athletics

3.91 There is a clear need for an athletics track of an equivalent standard to Moorways if the City wishes to continue to host national level competition. If the track is not renewed/upgraded by 2011, the City is likely to lose its certification to host such events. It may also be deemed unsuitable for even lower level competitions and training.

3.92 The Club currently has c450 members across all age groups from under 11s to over 50s. The club has a good record of producing top athletes with six members in the top 10 in Britain. The club can be described as being a strong club in terms of performance sport, however, it is limited in terms of its capacity (in terms of coaches/volunteers) to develop the sport at a recreational/community level.

3.93 The club currently uses the facility for training for two hours on two evenings a week and on Sunday mornings. It also runs an induction course for those who want to try the sport before joining the club. It also provides coaches for a number of after school clubs. At present, however, there are no satellite clubs elsewhere in the city. Athletics is also not a key sport being developed by the Council and as a result, the development pathway for athletics is fragmented.

3.94 Council resources in Moorways athletics track are therefore currently (primarily) locked in to developing athletics at 'Performance' level. Given the strength of the club at this level, the profile of events that are held at Moorways and also given the unique facility that exists in Derby, and therefore opportunities associated with this, we would recommend that the facility is retained, and therefore the track is replaced/renewed. However, we would suggest that the Council, in conjunction with the athletics club and NGB, develops an athletics development plan/strategy for Derby to ensure a smooth pathway is in place for grass roots/recreational/community level right through to performance and to ensure the athletics facilities are used to their optimum potential. We would also suggest that the existing management arrangements are revisited, depending on the outcome of this business case.

3.95 Given the gap in provision for indoor athletics (as identified in the Countywide strategy), we would also suggest that indoor athletics training facilities are considered within the future facility infrastructure for Derby, if usage and demand for this can be evidenced through an athletics development strategy.

Facilities for indoor bowling

3.96 There are currently no specialist indoor bowls facilities in the city. Indoor bowls does, however, take place in several sports halls across the city. The opportunity to develop a specialist indoor bowling centre in Derby was originally identified in the Countywide Facilities Strategy. This document states that 'Derby City should consider an indoor bowls facility'. The demand for this type of facility has not, however, been evidenced through development of this business case.

3.97 The market segmentation analysis in section 2 of this report identifies that the dominant market segment in Derby is 'Elsie & Arnold'. This group are typically aged 66+, are retired singles or widowers and tend to participate in low intensity activities such as walking, bowls and (ballroom) dancing. There may therefore be latent demand for an indoor bowls facility in Derby to meet the needs of this section of the community. However, specialist indoor bowls facilities are often left redundant during the summer months when bowlers move outside. Therefore the facility would have to be flexible enough to be used for alternative activities for six months of the year. Nevertheless, it is something that has been considered in the future facility infrastructure.

Summary of facility needs

3.98 In conclusion, the main opportunities for new/refurbished facilities can be summarised as:

- 50m pool – new
- Network of smaller pools to replace ageing stock – new & refurbished
- Large sports hall (10-12 courts) – retention of or replacement of Moorways
- Network of smaller sports halls to replace ageing stock – new & refurbished (via BSF)
- Health & fitness provision – increase in size of public sector provision
- Velodrome - new
- Closed road cycling circuit – new
- Athletics track and associated facilities - retention of (and upgrade) or replacement of Moorways
- Indoor bowls hall – new.

3.99 In addition to the above, we would recommend that any facilities that exist within current facilities eg squash courts, aerobics studios etc are refurbished or replaced in any new facility. Given the councils ambition to improve health and wellbeing per se, we would also recommend that opportunities to co-locate health and education services with any new facilities or refurbishments are explored. This would give the customer a more integrated offer and could include services such as physical activity clinics, losing weight advice, stop smoking service, healthy eating advice, how to combat stress to promote general 'wellness' etc.

3.100 Partnerships with the PCT, University, Derby College, Derby County FC and other associated organisations that are involved in increasing physical activity and improving wellness should be developed.

4. Current Performance of Facilities

04

4.1 In order to understand how current Council facilities are performing, we have carried out a high level analysis of income, expenditure and performance information. This enables us to identify any significant trends and compare headline figures against Sport England benchmarks and pmpgenesis' own performance database, so that we can establish what scope there may be for performance improvement.

4.2 pmpgenesis has an operational database comprising of 155 records. We use this as an additional layer of analysis alongside Sport England data for facilities of various sizes.

4.3 The key performance indicators (KPI) data provides us with a good indication of how existing facilities are performing against similar facilities elsewhere. Sport England benchmarking compares facilities by type e.g. wet facilities are compared with other wet facilities, dry with dry etc and facilities of similar sizes are compared. Both Sport England and pmpgenesis data includes information from public and dual use facilities.

4.4 Whilst KPI analysis provides a useful comparison between facilities and against national benchmarks, it is not appropriate to make decisions based solely on the KPI outcomes, as the key issue is whether services are being maximised locally, not simply how they compare nationally. This is due to specific local differences between areas, which mean that KPI analysis should be used to highlight anomalies for discussion, not as a decision making tool in its own right. Benchmark data has been used in conjunction with other research and consultation undertaken as part of this study to accurately assess the performance of the facilities.

4.5 Each facility has been analysed in turn. Key performance indicators for the sports facilities have then been compared with the Sport England benchmarks and the pmpgenesis database.

4.6 Whilst we have not analysed the sports development service from a financial perspective, it is recognised that this service is pivotal to the overall performance of the facility stock. Section 2 contained further comment on the b-active programme and the opportunities for future development activities in the facilities.

Assumptions

4.7 In order to assess the financial performance of the service, it is important that the analysis is not 'distorted' by cost allocations such as central overheads or by inclusion of notional financing costs such as capital charges. In calculating the performance indicators and operational positions, a number of assumptions have therefore been made, as follows:

- all 'support services' costs have been removed from the analysis, thus identifying direct operating costs only
- leisure management overheads have been excluded from the operational analysis for the purposes of calculating the operating KPIs and comparing to benchmarks.

Overall Service Financials

4.8 Table 4.1 overleaf identifies the net financial position (excluding recharges) for the different aspects of the service in 2008/09. In overall terms, the service cost the Council c£3m in 2008/09.

Table 4.1 - Summary of Financial Position

Service area	Financial Year Net Position (08/09)
Sport Centre Management	£1.87m (63%)
Marketing	£0.13m (4%)
Community & Play	£0.11m (4%)
Sports Development	£0.38m (13%)
Management Unit	£0.49m (16%)
Central recharges	£0.15m

4.9 As identified in Table 4.1, almost two thirds of the cost of the service relates to sports centre management, therefore this section analyses the performance of the individual facilities within this budget category.

Springwood Leisure Centre

4.10 Springwood Leisure Centre opened in 1997 and is the newest of the Councils facilities. It is located in the middle of the Oakwood estate in the north of the City and appears to serve the mainly affluent community that surrounds it. The Centre has a four-badminton court sports hall, two glass backed squash courts, a fitness suite, dance studio, crèche/multi purpose meeting room, five-a-side rubber filled synthetic pitch, five-a-side floodlit court and a library. The fitness suite extension was added in 2008 and the library was installed where the old fitness suite was located.

Financial Performance

4.11 Key performance indicators for Springwood Leisure Centre for 2008/09 have been compared with the Sport England benchmarks and the pmpgenesis database. The headline findings of this analysis are summarised in Table 4.2.

Table 4.2 - Springwood Leisure Centre – Summary of KPIs

KPI Type	KPI	Commentary
Expenditure	Percentage cost recovery	In terms of percentage cost recovery, the centre is performing reasonably and is in the upper middle quartile according to the Sport England benchmarks. The centre currently recovers 64% of costs, against a pmpgenesis average of 74%. However, given this is a dryside only facility, with a good catchment demographic, there are opportunities to improve this position.
	Energy costs per square metre	Energy costs at £19 per square metre are slightly lower than SE and pmpgenesis benchmarks (£22).
	Subsidy per visit and subsidy per square metre	For subsidy per square metre (£88) and subsidy per visit (£1.38) the facility performs in the lower quartiles. Subsidy per visit is significantly higher than the pmpgenesis average of £0.71.

KPI Type	KPI	Commentary
	Staff costs as a percentage of income	Staff costs as a percentage of income (109%) are significantly higher when compared to a pmpgenesis average for local authority-operated facilities, of 98%.
Throughput	Annual visits per square metre	The facility performs reasonably in terms of annual visits per square metre with 63, however it is lower than the pmpgenesis average of 81.
Income	Total income per visit	The centre performs well for total income per visit at £2.47 which is in the top quartile of SE benchmarks.
	Total income per square metre	Currently generating £156 per square metre, the centre is in the top quartile of SE benchmarks. Whilst it is slightly below the pmpgenesis average of £206, it is deemed a reasonable figure.
	Secondary income per visit	Secondary income per visit at £0.07 is well below the pmpgenesis average of £0.25.

4.12 Springwood is the best performing site in terms of cost recovery which is likely to be due to the fact that it is a dry only facility with a good range of income generating facilities such as the large fitness suite, squash courts and outdoor pitch/court. Its energy costs are also lower than any other facility which probably reflects the fact that it is the newest of the Council buildings. Income levels are also good. Subsidy levels, however, are higher than would be expected of a facility of this type. This is likely to be primarily due to the high staff costs, coupled with low secondary expenditure and only average throughputs per sq.m.

Moorways Sports Complex

4.13 Moorways is Derby's largest sports facility comprising of a sports centre, swimming pool complex and an athletics stadium. Most of the present facilities were designed and built in the early 1970's as Derbyshire's regional sports facility. The table below illustrates the extent of the facilities at Moorways.

Sports Centre	Stadium	Swimming Pools
10 badminton court sports hall	8 lanes, floodlit, polymeric athletics track	Main pool (L shaped) – 33m x 7 lane
3 squash courts (2 glass back)	3 senior football pitches	Teaching pool 17m x 7m
Fitness Suite (24 stations)	6-lane sprint track and long jump/pole vault pits	Diving pit with fixed and sprung boards (out of use)
Dance/Aerobics Studio	Grandstand (400)	Cafeteria
National hall (Range)	Changing & Meeting Rooms	Health Suite
Bar	Full size floodlit synthetic turf pitch (STP)	
Creche		

4.14 One of the key issues with Moorways is that the buildings are on separate parts of the site and have separate management structures. As a result, the complex is expensive to manage with high staffing costs. There are issues regarding the accessibility of buildings for disabled users. The quality of changing provision is poor and there are a number of outstanding maintenance issues. Both the wet and the dry side facilities are dated and have suffered due to a lack of investment. In summary, it can be said that the facility is not up to modern day standards and no longer meets with customer expectations.

4.15 The athletics track and the outdoor facilities are managed from the dry side sports centre. The stadium is located in a natural 'bowl' which was formed as a result of an outdoor velodrome which was originally located there. The track is the only full specification track in Derbyshire and is used for a wide range of county and district schools competitions and regional events. The track is in need of full replacement by 2010/11.

4.16 The STP was originally laid in 1988 and was refurbished in 2003 with the sand filled surface being replaced with a sand dressed surface. The synthetic turf pitch is not very visible on the site and is a long walk from the main car park and changing rooms.

4.17 Some of the facilities at Moorways have had to be taken out of use in the last twelve months due to poor condition. This has led to disruption of the service and loss of income. The closures have been as follows:

- Squash court 1 (from 2006 – present) – Due to the wall and floor being unsafe to play, caused by deterioration
- Stadium Changing Room 8 (2009 – present) – Due to leak from this area to toilets below, awaiting repairs
- Sauna – Public area closed off due to generally poor condition
- Temporary closure of the swimming pools for three weeks in summer 2009 for replacement of pool pipe work and filters.

Financial Performance

4.18 Key performance indicators for Moorways Sports Complex have been compared with the Sport England benchmarks and the pmpgenesis database. It must be noted that there are relatively few records within either dataset for athletics stadia therefore the KPIs below relate only to the pool and sports centre. The headline findings of this analysis are summarised in Table 4.3 below.

Table 4.3 - Moorways Sports Complex – Summary of KPIs

KPI Type	KPI	Commentary
Expenditure	Percentage cost recovery	Both the pool and sports centre are performing below average. The pool currently recovers 55% of costs and the sports centre 60%. This is against a pmpgenesis average of 74%. They are both in the lower quartiles of Sport England benchmarks.
	Energy costs per square metre	Energy costs for the swimming pool are very high at £59 per square metre compared to both pmpgenesis average (£22) and SE benchmarks. Given the amount of water in the facility, higher energy costs are to be expected, however £59 per square metre is considered to be exceptionally high. Energy costs for the sports centre are much lower at £13, but for a dry facility only, this puts it in the lower middle quartile of Sport England benchmarks.

KPI Type	KPI	Commentary
	Subsidy per visit and subsidy per square metre	Subsidy per visit for both facilities (Pool £1.76, Sports Centre £1.38) is significantly higher than the pmpgenesis average of £0.71. Both facilities are in the bottom quartile of Sport England benchmarks. Subsidy per square metre for both the Pool (£130) and Sports Centre (£96) again is significantly higher than the pmpgenesis average (£61) and both facilities are in the bottom quartile of Sport England benchmarks.
	Staff costs as a percentage of income	Staff costs as a percentage of income for the Pool and the Sports Centre are 110%, 124% respectively. These costs are very high compared with the pmpgenesis average for local authority-operated facilities, of 98%.
Throughput	Annual visits per square metre	The pool and the sports centre perform reasonably well in terms of annual visits per square metre with 74 and 70 respectively. This places them within the upper middle quartile of SE benchmarks and just below the average pmpgenesis benchmark of 81.
Income	Total income per visit	Performing well for total income per visit, the pool at £2.18 and the sports centre at £2.03 are in the top quartile of SE benchmarks.
	Total income per square metre	The Pool currently generates £160 per square metre and the Sports Centre £141 per square metre. This puts both facilities in the top quartile of SE benchmarks. Whilst, both are lower than the pmpgenesis average of £206, anything around £150 is deemed a reasonable figure.
	Secondary income per visit	Secondary income per visit for the Pool at £0.27 is above the pmpgenesis average of £0.25 and is in the top quartile of SE benchmarks. The figure for the Sports Centre, however, is £0.07 which puts it in the lower middle quartile of SE benchmarks.

4.19 Moorways Pool and Sports Centre are evidently very costly to run in terms of both energy costs and management costs. This is likely to reflect the age and inefficient layout of the buildings. Income and throughput figures, however, are good, indicating a good level of market demand for the facilities.

Shaftesbury Sports Centre, Arboretum

4.20 Shaftesbury Sports Centre is situated in the inner city area. It was built in 1983 as a small facility serving the local community. The centre has two floodlit synthetic, five aside outdoor pitches, a three badminton court sports hall, fitness suite (24 stations), junior grass football pitch, children's playground and park area. The Centre has no ancillary hall, studio space or meeting room.

4.21 The Centre has separate changing rooms for indoor and outdoor use. The sports hall changing rooms on the first floor are considered to be too small to accommodate the number of users generated by the sports hall and fitness suite. Shower and toilet facilities are limited and disabled access is restricted as there is no lift. The fitness suite is not air conditioned and is restricted to 25 users at any one time. The whole centre is in need of modernising.

Financial Performance

4.22 Key performance indicators for Shaftesbury Sports Centre have been compared with the Sport England benchmarks and the pmpgenesis database. The headline findings of this analysis are summarised in Table 4.4 overleaf.

Table 4.4 - Shaftesbury Sports Centre – Summary of KPIs

KPI Type	KPI	Commentary
Expenditure	Percentage cost recovery	The centre currently recovers 47% of costs, against a pmpgenesis average of 74%. This puts the centre in the lower middle quartile of Sport England benchmarks.
	Energy costs per square metre	Energy costs at £22 per square metre are in line with the pmpgenesis average. It puts the centre in the upper middle quartile of SE benchmarks.
	Subsidy per visit and subsidy per square metre	For subsidy per visit (£1.69) the facility falls within SEs bottom quartile and is much higher than the pmpgenesis benchmark of £0.71. For subsidy per square metre (£181), again the facility falls within the bottom quartile and is significantly higher than the pmpgenesis benchmark of £61.
	Staff costs as a percentage of income	Staff costs as a percentage of income (151%) are much higher compared with the pmpgenesis average for local authority-operated facilities, which is 98%.
Throughput	Annual visits per square metre	The facility performs fairly well in terms of annual visits per square metre with 107, placing it within the upper middle quartile of SE benchmarks and higher than pmpgenesis benchmark of 81.
Income	Total income per visit	The centre is performing below average for total income per visit (£1.49 against a pmpgenesis average of £2.80),
	Total income per square metre	Currently generating £160 per square metre, this is in the 50-75% quartile of SE benchmarks. Whilst it is lower the pmpgenesis average of £206, it is deemed a reasonable figure.
	Secondary income per visit	Secondary income per visit at £0.02 is significantly below the PMP average of £0.25.

4.23 Staff costs at Shaftsbury are the highest of all centres. This is probably reflective of the facility mix and minimum fixed staffing requirements. This centre also has the highest subsidy levels. Income per visit and secondary income per visit are both low. Throughput levels however are reasonable.

Queen's Leisure Centre, Derby City Centre

4.24 This is predominantly a wet side facility in the centre of the City. Facilities comprise a 25m x 13m gala pool with 280 seating capacity, a 31m x 10m family pool, a 18.3m x 7.3m teaching pool, a fitness suite (44 stations), aerobics studio, three squash courts, a crèche, cafeteria and meeting rooms.

4.25 The Centre had a £3.4 million refurbishment in 1991. The facility is located within the city centre and has significant issues in relation to parking. There is significant private sector competition within the area - David Lloyd, Dragons, Virgin and Fitness First. There are several issues with regard to access to, the age, quality and viability of facilities at Queens. These relate to the poor quality changing accommodation, limited disabled facilities and the (original) pool tanks that are in need of replacing.

4.26 The pools at Queen's have had to be taken out of use several times in the last twelve months due to poor condition. The centre has experienced the following problems:

- Burst pipe
- Roof problems (in four separate occasions)
- Electrical problems
- Pool water clarity and temperature

Financial Performance

Table 4.5 - Queen's Leisure Centre – Summary of KPIs

KPI Type	KPI	Commentary
Expenditure	Percentage cost recovery	In terms of percentage cost recovery, the centre is performing poorly, currently recovering 58% of costs. This is against a pmpgenesis average of 74%. As a water dominated facility, it would be expected to be lower than average, however 58% is a low figure and puts Queens in the 25-50% of SE benchmarks.
	Energy costs per square metre	Energy costs at £33 per square metre are higher than both pmpgenesis (£22) and SE benchmarks (bottom quartile). However, given the amount of water in the facility, higher energy costs are to be expected.
	Subsidy per visit and subsidy per square metre	For subsidy per square metre (£89) the facility is in the bottom quartile of SE benchmarks and is higher than the pmpgenesis benchmark of £61. Subsidy per visit (£1.60) is significantly higher than the pmpgenesis benchmark of £0.71.
	Staff costs as a percentage of income	Staff costs as a percentage of income (114%) are significantly higher compared with the pmpgenesis average for local authority-operated facilities, which is 98%.
Throughput	Annual visits per square metre	The facility performs reasonably in terms of annual visits per square metre with 56, however it is lower than the pmpgenesis benchmark of 81.
Income	Total income per visit	The centre is performing well for total income per visit (£2.24) putting it in the top quartile of SE benchmarks.
	Total income per square metre	The centre is currently generating £125 per square metre, which is in the 50% of SE benchmarks, below the pmpgenesis average of £206.
	Secondary income per visit	Secondary income per visit at £0.28 is above the pmpgenesis average of £0.25 and in the top quartile of SE benchmarks.

4.27 Similar to Moorways pool, percentage cost recovery is low at Queens, energy costs are high and staffing costs are high, again reflecting the age and layout of the building. Throughput levels and secondary spend, however is good for this type of facility.

Derby College Sports Centre, Prince Charles Campus

4.28 Formerly known as Mackworth College, this facility has a five badminton court sports hall, a full size floodlit STP, five grass football pitches, a fitness suite (41 stations) and a physiotherapy/treatment room (hired to RS Rehab Ltd).

4.29 The facilities are available for community use from 5pm onwards during the term time weekdays and all day at weekends and during the College holidays. During these hours, the facility is managed by the City Council. The college is responsible for the maintenance and cleaning of the facility. This presents problems for the management team with respect to response times for maintenance issues and cleaning.

4.30 There are insufficient changing facilities to accommodate the use of all outdoor facilities; therefore the College has had to provide a portable changing facility on the site.

Financial Performance

4.31 We have had limited financial information to allow the calculation of KPIs for Derby College. However, we have been able to calculate percentage cost recovery which suggests that the centre currently is performing well against industry benchmarks, recovering 93% of costs.

Summary of overall leisure facility performance

4.32 For most sites, percentage cost recovery is low and subsidy per visit is high. In general terms, however, income and usage statistics are good (apart from income at Shaftesbury). This indicates a sizeable potential market for future facility and service developments.

4.33 Secondary income per visit is very low, apart from at Queens and Moorways Pool. Opportunities therefore exist to improve secondary income via re-thinking of food and beverage provision in particular.

4.34 Staff costs as a percentage of income are very high at all sites. Staff costs outweigh income in all instances. Energy costs are also high, apart from at Springwood. These figures are likely to be an indication of the state of the current assets and their no longer being fit for purpose.

4.35 This baseline information has been used to inform the options appraisals and future business plan forecasts presented later in this report.

5. A Framework for Future Facility Provision

05

Challenges for the future

5.1 Having outlined the baseline position for the City, it is clear that there are several key challenges faced by Derby in relation to its future sports and physical activity infrastructure. In summary, these are:

- ageing facility stock (across all facility types but especially swimming pools) that is no longer fit for purpose
- 'traditional' facilities that no longer meet modern day requirements and lack the flexibility to meet evolving customer needs
- revenue & maintenance burdens – primarily due to ageing stock and poor configuration of facilities resulting in high management and staffing costs
- lack of regionally significant facilities, with the impending loss of the only regionally significant facility at Moorways Stadium.

5.2 A number of previous facility strategies and assessments recognise that crucial decisions need to be made in terms of the future of the Councils facility stock. **There is no longer a 'half way house' in terms of repairing and upgrading existing facilities.** Given the state of several of the Councils facilities and the opportunities that have arisen through the Building Schools for the Future Programme, now is the time to take a fresh look at the entire provision across the city and plan for a future facility infrastructure that meets modern day 21st century customer expectations.

5.3 Several opportunities have also arisen for the city to provide new regionally significant facilities. If Derby does not act quickly to pursue these opportunities, the chance may be lost to cities such as Leicester and Nottingham.

Components of a world leading community sports system

5.4 Before identifying a local framework for provision, it is useful to understand the direction of national thinking in relation to facility and service provision.

5.5 In June 2008 Sport England launched its new strategy to help community sport make the most of the unparalleled opportunities presented by the London 2012 Olympic and Paralympic Games. This strategy focuses resources on building the foundations of sporting success through the creation of a world leading community sports system to ensure that:

- A substantial – and growing – number of people from across the community play sport
- Talented people from all backgrounds are identified early, nurtured and have the opportunity to progress to the elite level
- Everyone who plays sport has a quality experience and is able to fulfil their potential.

5.6 Sport England's new approach involves operating at a strategic level, working with and through national governing bodies, and drawing in other partners such as local authorities who drive local provision and are key to delivering a world-leading community sport infrastructure.

5.7 There have been a number of attempts to identify the ingredients of both successful community and elite sports systems. In considering the varied research available, Houlihan and Green (2008) conclude that although there are some differences in emphasis between the various analyses, they have much in common at a general level. This includes:

- the centrality of dedicated training facilities
- public sector financial support
- integration of training preparation programmes with competition opportunities
- specialist support staff.

5.8 In considering the components of a successful sporting system, we have reviewed the Whole Sport Plans of a range of UK NGBs to identify core components of their approach. Case studies from cycling and rowing, both of which are recognised as highly successful, are provided overleaf. These and other successful sports in the UK, demonstrate distinct similarities in the structures and the key components/ drivers of their strategic development plans, in line with leading international research. These focus on quality facility provision, excellent coaching and officials and well structured clubs, all underpinned by robust talent development and competition pathways.

Case study: British Cycling Federation – Developing a successful sporting system
Cycling has seen considerable success in recent years, culminating in 38 Gold medals across the Olympic and Paralympic Games and World Championships in 2008. The British Cycling Federation's structure and approach to development of the sport has been recognised as central to this success. The priority for British Cycling from 2009-2013 is to grow participation in the sport of cycling and increase international successes. This will be delivered through working with partners across the sporting, physical activity and transport landscape, and delivering on a series of key interventions and outcomes. The key interventions identified in the BCFs WSP, reflect leading research in the field of sport system development and have been used to inform the development of our 'core components of a successful sporting system'. They can be summarised as follows:

- **Facilities** – a safe playing environment is recognised as fundamental to a satisfactory sporting experience in any sport and interventions in this area are considered central to the BCF's development plans. In addition to ongoing investment in the Manchester Velodrome, a new BMX centre alongside it, and the new velodrome for the 2012 Olympics, the WSP strongly promotes the development of a network of 53 permanent traffic-free cycle sport facilities and seven refurbishments to create a safe environment for existing and new participants in cycle sport

- **Coaching** – the WSP recognises that coaching has underpinned its unprecedented success in the international arena and growth in the sport to date. It promotes the continued delivery of Cycling's UK Coaching Plan to increase the quantity and quality of existing coaching and therefore participants' satisfaction levels, whilst also ensuring there is an appropriate coaching structure to support the development of talent and lifelong participation

- **Volunteers** – the BCF recognises that the majority of its event opportunities are delivered by volunteers and in order to improve the quality and availability of events, increased support is required to develop, support and grow the volunteer event workforce. The WSP therefore supports the deployment of 10 full time Regional Competition Development Officers to co-ordinate and support the volunteer delivery of the competition programme for each region

- **School, club and performance coaching** – British Cycling's talent development system and pathway has evolved and developed over the past 8 years and is now well developed and a world leading system. This system is underpinned by the WSP and PESSCL funded Go-Ride intervention, which holistically increases participation and club membership amongst young people as well as identifying and nurturing talent. This programme seamlessly integrates with the UK Sport funded Olympics Talent team programme to progress and nurture athletes through a clear talent development pathway

- **Events and competition** - the quality and availability of events is recognised as very important to all participants, particularly affiliated club members, and interventions relating to the development of volunteers and traffic free cycle sport facilities (as noted above) are considered critical to achieving this.

Case study: Amateur Rowing Association – Developing a successful sporting system
The ARA has achieved considerable success in building and sustaining growth in participation and membership, alongside delivery of medals at World and Olympic level and this has been largely attributed to its structure and approach to development of the sport.

It has developed robust and comprehensive programmes, widely considered to be among the best available in sport, to deliver club accreditation and development programmes, high quality coach education, volunteer training and support, competition, and rowing for young people. The WSP for 2009-2013 focuses on what has worked well by continuing to develop these successful programmes.

These programmes closely reflect international best practice and have informed the development of our 'components of a successful sporting system'. Key components of these programmes include:

- **Clubs** – clubs are recognised to be at the centre of the sport of rowing. They are key to recruiting and retaining people of all ages, deliver key rowing activity programmes and with appropriate investment in volunteers and facilities, have proved successful in delivering sustainable participation. They also play a vital role in providing access to the ARA's annual calendar of events, which needs to be structured to ensure that the system encourages and enables rowers to progress, and to talent pathways through the performance continuum. The ARA recognises this key role and aims to build on the capacity of a substantial number of clubs, by supporting them in modernising and improving facilities and equipment, implementing a range of existing and new activity programmes, increasing the uptake of training and education, investing in volunteers and in forming links with the local community, schools and universities

- **Coaching** – this is recognised as an important ingredient of success at all levels and the ARA Coaching Action Plan developed with SCUK will drive improvements needed to improve the experience of coaches and coaching at all levels.

- **Volunteers** – the ARA recognise the value of volunteers in delivering community sport, and it is crucially important for them to attract and retain more volunteers and to reduce the burden of bureaucracy that faces the volunteer workforce. Volunteers are also recognised as crucial in providing a highly trained and competent workforce to run all aspects of international rowing events in the UK and the ARA plan to capture and further develop this expertise

- **Facilities** – the 2000m elite rowing training facility at Caversham plays a vital role in providing a dedicated still-water training site for High Performance athletes and ongoing investment in this site is considered crucial to the sports success at world level. Dorney Lake, Holme Pierrepont, the London Regatta Centre, Strathclyde Park and Cardiff Bay are also all recognised as key facilities for both training and regattas and the ARA supports the development of new regatta courses including at Cotswold Water Park. In addition to these elite and regatta facilities, the club capital investment programme has been highly successful in providing modern, efficient and welcoming rowing facilities. The ARA will therefore seek opportunities to develop new clubs where there is an existing water facility, as well as supporting proposals for sustainable new water and land based facilities. This includes a target of eight new sites by 2013. It will also continue to support investment in new equipment.

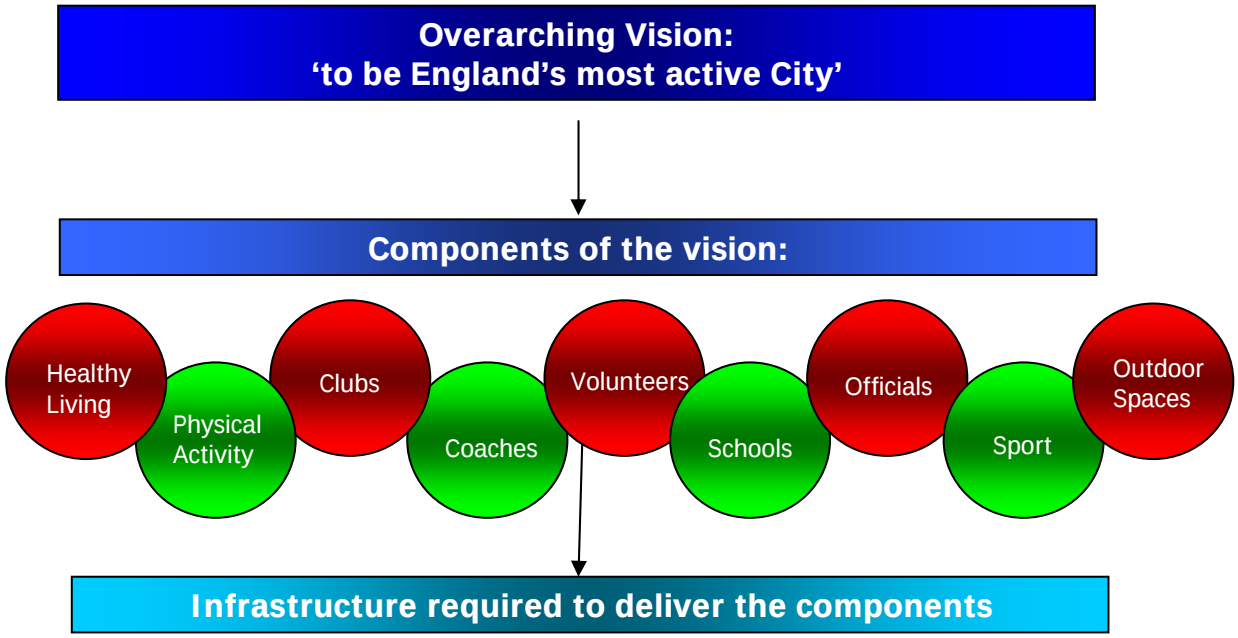
5.9 Using this national direction, the 'components of a successful sporting system' have been taken in to account in the development of a future facility framework for Derby.

A proposed model of provision

5.10 The previous sections identify the issues associated with current provision alongside opportunities for new and refurbished facilities across the City.

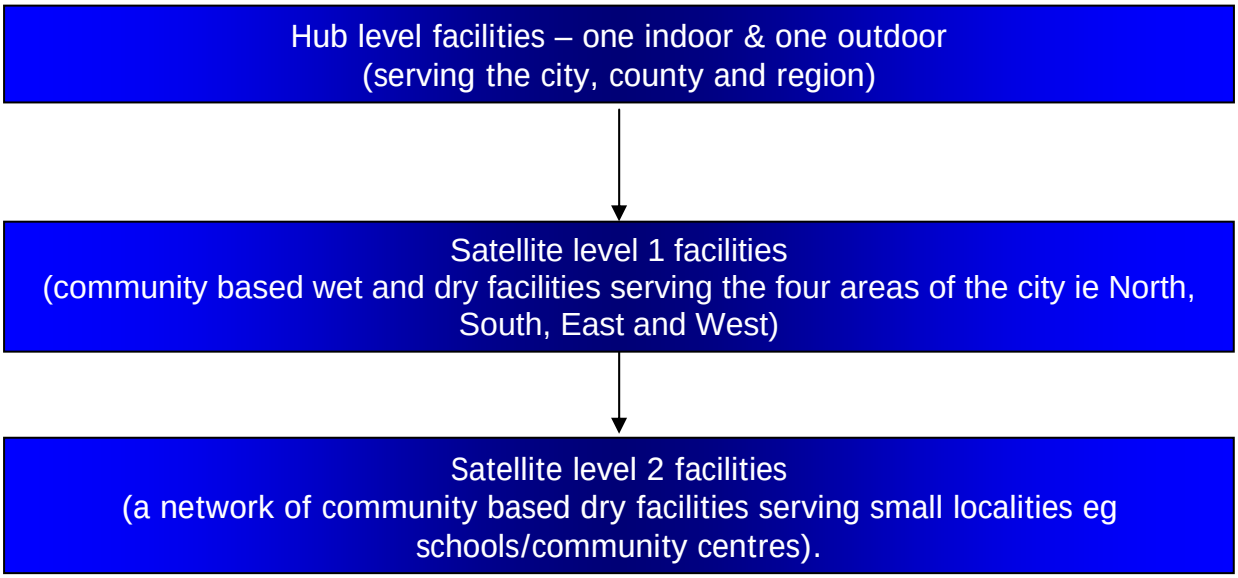
5.11 In order to prioritise future investment, a proposed hierarchy of facility provision has been developed. This is based on the City's ambition 'to be England's most active City' and incorporates national and international best practice in terms of meeting the talent development pathway. It also takes into account the aims and objectives noted in section 1 of this report.

5.12 The following diagram illustrates our approach to developing this hierarchy.

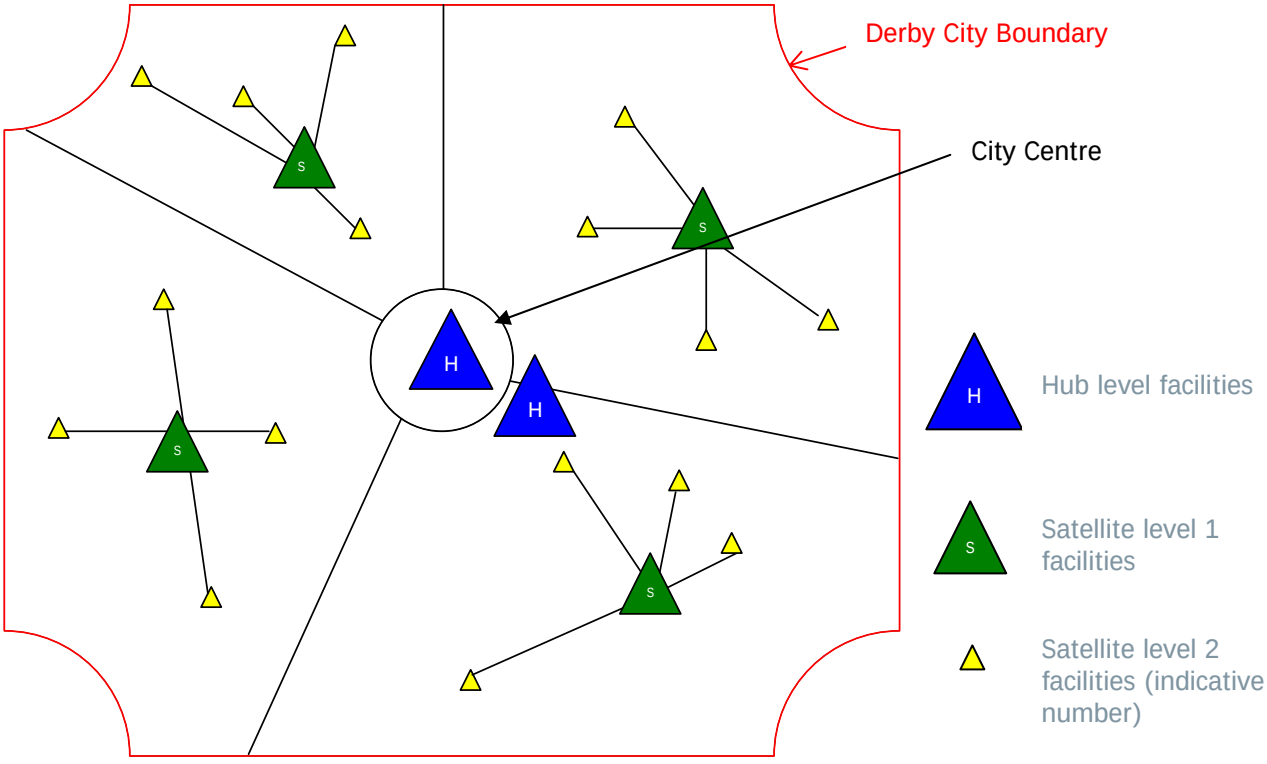


5.13 Based on this approach and the geography of Derby, a hierarchy of facilities is proposed. This is illustrated in Figure 5.1 overleaf.

Figure 5.1 - Proposed hierarchy of facilities



5.14 The simple block diagram below aims to illustrate the hierarchy.



5.15 A strategic approach to facility provision has been taken which will ensure that facilities are well distributed across the City and are not duplicated. In terms of investment, capital should be directed to the hub sites, as long as an outstanding facility need has been identified. This framework also enables capital to be invested in the satellite level 1 tier sites to ensure facilities are accessible within all communities. Facilities at all sites should be developed in association with partners such as the PCT, Derby College, the University, private sector etc. Facilities at satellite tier 1 and 2 sites do not necessarily need to be provided by the local authority.

Types of facilities within each hierarchy tier

5.16 To inform the types of facilities which can be categorised in each hierarchy, a key criteria list has been developed to differentiate the tiers of facilities. This is outlined in Table 5.1 below.

Table 5.1 - Criteria for each tier in the hierarchy

Hierarchy	Criteria
Hub level facilities	• High quality facilities serving the city, the county and the region • 'Joint service' ethos – not just a sports centre eg 'Wellness Centre' • Provision of a full range of services – b-active advice / healthy living advice / coaching / pay and play access / club base etc. • Base for outreach work – coordination of programmes in satellite centres • Likely to be in areas with maximum accessibility e.g. city centre • High quality facilities which are modern and well maintained via ongoing Council revenue commitment • Local authority control and influence over programming / management / costing • Provision of more than one facility type, providing a critical mass of facilities • Focus for capital investment to improve offer in accordance with need • Caters for more than one sport (multi-sports hub).
Satellite Level 1 facilities	• High quality facilities serving one of the four areas of the city • Likely to be, but not necessarily, in local authority control/ownership • Programming for sports/physical activity usage mirrors activities at hub level facility (i.e. similar activity offer) • 'Joint service' ethos • Provision of comprehensive range of services – b-active advice / coaching / pay and play access / club base etc. • Base for programming / outreach work in level 2 satellite sites • Likely to be in populated community areas, providing a network connected to the Hub sites.
Satellite Level 2 tier facilities	• Geographically important to provide localised provision to smaller communities • Facilities should be capable of hosting sport and physical activity • Non-local authority managed • Schools / clubs / volunteer provision • Proactive programming from satellite level 1 facilities, who will provide coaching / leadership resources on an outreach basis • Likely to focus on physical activity-based programmes, plus provision for certain clubs • Schools / community centre based, therefore very localised provision.

5.17 Hub sites are key to the strategic delivery of sport and physical activity in the City and revenue funding should be allocated accordingly. It is recommended that level 1 satellite sites should deliver a similar (albeit reduced) programme to the hub sites, with clear talent development pathways for those wishing to progress, and should provide more localised provision to the community. Level 2 satellite facilities are those which are identified as being geographically important and are located in areas outside the core catchment of higher tier facilities. In practical terms, the level 2 satellite facilities are likely to focus on physical activity, rather than formal sports participation.

5.18 Having identified this hierarchy framework, the following section drills down to a practical level to assess how the current and future facility stock will enable delivery of this framework.

6. Options Appraisal

06

6.1 This section sets out the different options considered in order to fit the proposed framework and meet the Councils objectives. It considers the options available at each level of the hierarchy. It sets out the indicative cost of each option and the evaluation criteria used in making the final selection.

6.2 It is important to recognise that the framework proposed will only work if all three tiers of provision are addressed. However, development of the hub level facilities should be the priority for the Council in the short term.

Criteria for evaluation

6.3 Each option has been reviewed against an agreed evaluation framework to establish which option offers the most viable and sustainable solution for Derby City Council.

6.4 The criteria for evaluation were agreed at the outset of the process following a project workshop and signed off by the Project Steering Group. The criteria were established to reflect the vision and objectives (as outlined in sections 1 and 5) and were weighted accordingly through discussion with the project team. The weighting of each factor has been considered and agreed in order to achieve overall balance appropriate to the project.

6.5 Table 6.1 and 6.2 set out the agreed financial and non-financial criteria and their respective weightings for the project appraisal process.

Table 6.1 - Financial Evaluation criteria and weightings

Criteria	Weighting
Capital cost	30%
Operational revenue position	30%
Lifecycle costs	15%
External funding opportunities (e.g. grant aid / health monies etc.)	10%
Commercial receipts from land disposal.	15%

Table 6.2 - Non-financial evaluation criteria and weightings

Criteria	Weighting	Explanation
Service delivery implications (quality of service)	15%	• Will the option provide flexibility for dual programming of activities to maximise participation? • Will the facility meet regional/ national standards/ for sports facilities? Options providing flexibility and meeting standards will score more highly.
Fit with Council corporate priorities, project vision & objectives	10%	• Will the option address: - Council corporate priorities - Vision for the project - Project objectives (excluding financial considerations) Options addressing all of the above will score more highly.
Opportunities to increase participation & promote accessibility	15%	• Could the facility accommodate a range of activities to encourage participation? Options will be considered in relation to the mix of facilities and the potential uses of those, and those that can accommodate a wide range of activities will score highly.
Evidence of need (linked to national / regional / local priorities for sport & leisure provision)	10%	• Is the facility mix supported through needs analysis, including: - supply and demand analysis - consultation with stakeholders/ operator - historical and current performance - local/ regional and national priorities for sport and leisure provision Options that are strongly supported will score more highly.
Deliverability	15%	• Is the option deliverable taking into account planning constraints, site suitability, statutory requirements and public perception/likely opposition Options which have a more realistic likelihood of being deliverable will score higher.
Opportunities to link with health & education providers (partnership working)	5%	• Will the facility maximise the potential for synergies/ shared usage with health and education providers • Will any usage by these partners impact upon community programming Options that maximise the potential for partnership usage, whilst minimising the impact on community use, will score more highly.
Provision of a long-term solution	10%	• Will the option provide at least a 30-year solution in terms of the building lifespan? Longer lifespan options will score more highly than those with limited lifespans
Quality of design	10%	• Will the option provide the opportunity for inclusion of environmentally sustainable practices, such as

Criteria	Weighting	Explanation
		sustainable energy generating measures? Linked to the aspiration for a recognised high quality facility stock, will the option provide sufficient quality of design to meet this aspiration? Options providing good quality design and environmentally sustainable measures will score well
Continuity of provision	10%	• Will the option allow the City Councils operation to continue with minimum disruption Options which allow the existing centre to remain open whilst the new centres or refurbishments are being completed will score highly

6.6 Through the options analysis process, we believe that we have followed best value principles in respect of service delivery. It has been seen to address the 4Cs as follows:

Challenge

6.7 We have challenged the existing approach and evaluated whether the level of leisure provision is appropriate, as evidenced in Section 2, and challenged who is best placed to provide the necessary facilities (see section 8).

Compare

6.8 We have evaluated all the options and compared the evaluation results against the objectives for the study.

Consult

6.9 We have carried out extensive stakeholder consultation, as outlined in appendix C, and drawn upon consultation findings in previous studies.

Compete

6.10 To address the duty of achieving continuous improvement, the Council intends to include in its output specification the requirement to improve performance through measurement by key performance indicators and to monitor customer satisfaction constantly and take steps to improve this over time.

Refurbishment option

6.11 The Council's existing facility stock does not fit within the future facility framework required to deliver on the stated vision and objectives. The existing facility stock:

- is poor quality and not up to modern day standards (with the exception of Springwood)
- does not promote a 'Joint service' ethos
- is not strategically located and in most cases facilities are not in areas with maximum accessibility by all forms of transport
- is old and the lack of investment in recent years means that the majority of facilities are no longer fit for purpose

- is not conducive to facilitating behaviour change to increase participation
- is not of the appropriate mix to enable the Council to focus on improving provision for Children, Families and Young People
- does not effectively support the infrastructure for further development of club sport
- does not allow Derby to develop as a Place for the next generation of opportunity and provision.

6.12 Previous strategies and assessments have clearly shown that a refurbishment option will not allow the Council to achieve its vision.

Faithful and Gould Condition Survey (2005)

6.13 In 2005, Derby City Council's Property Services commissioned Faithful and Gould to carry out a condition survey of the Council's sports centres. In November 2005, a report was submitted by the company outlining three options for investment, ranging from a basic refurbishment, remodelling and adaptation to rebuilding. The basic refurbishment was costed at £17,671,670 over 25 years. This mainly included superficial works to keep the buildings operational, with a degree of betterment to improve changing rooms and upgrades required to meet legislation. It did not, however, include things like air conditioning and would not allow the Council to take a step forward in term of its provision and therefore customer offer.

6.14 **The cost of refurbishing the councils existing stock is not considered value for money and does not provide a long term solution. For this reason, the refurbishment option has been ruled out at this stage.** This does not mean that all facilities should be rebuilt, but that a combination of new build and refurbishment is required.

6.15 The report costed the remodelling and adaptation option at £36,774,525 over 25 years. This included the modernisation and improvement of centres to meet customer expectations and reposition services in the context of the market and wider agenda for sport and physical activity. This option, whilst it would improve the customer offer, assumes that all existing facilities are strategically 'in the right place' and are accessible (which we know is not the case). It also does not take in to account the demand for new facilities that do not currently exist, or consider the opportunities available through the BSF programme.

6.16 The new build option was costed at £70,522,073 over 25 years. This included rebuilding Moorways Sports Complex, Shaftesbury Sports Centre and Queens Leisure Centre, remodelling Lancaster Sports Centre and extending Springwood Leisure Centre. Again, this does consider the demand for new facilities (eg for cycling) or consider the opportunities available through the BSF programme. In addition, Lancaster Sports Centre has now been transferred to a private operator.

6.17 The costs identified in that report are likely to have increased in the four years since the report was written due to inflation and also due to further deterioration in the condition of the facilities.

6.18 This business case, therefore, has ruled out the refurbishment option as it is not considered value for money and would not achieve the project objectives or vision for the City. The study therefore considers a combination of new build, remodel and refurbishment along with revised costs.

Options development

6.19 The list of options considered at each level of the hierarchy has been developed with the project team to ensure that it covers a complete range of scenarios. The options that have been evaluated are identified in Table 6.3 overleaf.

Table 6.3 - Options considered

Level of hierarchy	Options considered
Hub – indoor	• Keep Moorways Pool & Sports Centre, Close Queens • Close Moorways Pool & Sports Centre, Keep Queens • Keep Moorways Pool & Sports Centre and Queens • Close Moorways Pool & Sports Centre and Queens and build one new facility • Close Moorways Pool & Sports Centre and Queens.
Hub – outdoor	• Retain athletics stadium & develop outdoor hub at Moorways • Relocate athletics stadium & develop hub on a new site • Retain athletics stadium at Moorways & develop new facilities elsewhere • No outdoor hub.
Satellite - North	• Refurbish Woodlands School (do minimum) • Build new facility.
Satellite - West	• Replace/refurbish Gayton, retain Derby College as a dual use facility, retain Lonsdale • Close all • Retain Derby College as dual use facility, close Lonsdale Pool, replace/refurbish Gayton • Retain Derby College as dual use facility and build new pool, close Lonsdale Pool • New wet & dry facility at Derby Moor Sports College, close Lonsdale Pool and Derby College.
Satellite – South	• Keep Moorways Sports Centre & Pool • Keep Moorways Pool, close Sports Centre & develop dry facilities at Noel Baker School (via BSF) • Keep Moorways Sports Centre, close pool & develop pool at Noel Baker School • Close Moorways Pool & Sports Centre and build new wet facility elsewhere (potentially linked to BSF which will provide dry facilities).
Satellite - East	• Retain Springwood (do minimum) • Retain Springwood and add pool • Retain Springwood and develop stand alone pool • Close Springwood & build new wet and dry centre.

6.20 Satellite level 2 facilities are localised facilities such as schools and community centres/halls. A network of these facilities already exists. The focus of these facilities should be to act as bases for outreach work with a focus on physical activity in its broadest sense. It is not deemed necessary for the Council to invest additional capital in to facilities at this level, but to ensure access to the facilities for community use and sports/physical activity development and to facilitate coordination of activities.

6.21 Shaftsbury Sports Centre does not fit easily in to the proposed framework. It is also performing poorly financially as evidenced in section 4. However, it does provide an important community facility in a deprived inner city area. It is therefore recommended that an alternative management option for the centre is explored. Prior to transfer it is recommended that the Council invests a sum of money into improving the quality of the facility, bringing it up to modern day standards eg DDA access, improving changing facilities etc.

Evaluation of options

6.22 An evaluation of the options has been undertaken against the financial and non-financial criteria set out earlier in this section. Each option has been scored between 0 and 5 as follows:

- 0 - No benefit, for example, high cost
- 1 - A poor outcome and would not be satisfactory performance, for example deliver poor quality of service
- 2 - Lower than average performance
- 3 - Would deliver an average outcome when looking at the potential opportunities
- 4 - Higher than average performance, for example, higher risk transfer
- 5 - Provides significant benefits and best outcome (for example, in relation to the Project Vision & Objectives).

6.23 A summary of the scores for each option are set out in the tables on the subsequent pages. The percentages identified for each option are a combination of the financial and non-financial scores in percentage terms. The individual scores for each option can be found in Appendix D.

Options considered for indoor hub

Option	Percentage score	Rank	Rationale
Keep Moorways Pool & Sports Centre, Close Queens	41%	2	These two options score similar in terms of the financial evaluation. Both would require fairly high capital investment due to their existing condition, and both options are unlikely to generate any external funding. Given the age of the facilities, lifecycle costs are likely to remain high in both options. The differential between these two options is the fact that Moorways has a wider range of facilities and more water space than Queens, therefore to keep Moorways open would be of more benefit than Queens in terms of the customer offer. Neither option, however, offers the opportunity to increase participation and promote accessibility and neither option would provide a long term solution.
Close Moorways Pool & Sports Centre, Keep Queens	37%	4	
Keep Moorways Pool & Sports Centre and Queens	38%	3	Financially, this is the most costly of options as it would require significant capital investment to refurbish the facilities to an acceptable standard. Lifecycle costs would remain high as the fabric of the buildings would remain. Operationally, staffing and management costs would remain high. In terms of service delivery, whilst this option would allow continuity of provision (for a certain number of years at least), it does not offer a long term solution. The opportunity to increase physical activity levels would be restricted by the current facility mix as no new facilities have been considered.
Close Moorways Pool & Sports Centre and Queens and build one new facility	**81%**	**1**	Whilst the capital cost of this option will be high initially, longer term it will result in a more sustainable operational position. This option assumes that the new facility will be built on a new site and therefore the opportunity exists to general capital receipts from disposal of existing facilities. The likelihood of securing external funding to delivery this option is also higher. In terms of service delivery, this option will have the most impact in terms of providing a wider range of facilities, improving choice and thus increasing the likelihood of increasing physical activity levels. This option provides the best long term solution and fits best with the vision for the project, and vision for the city. To ensure maximum accessibility to this facility, the preferred location for this facility would be in the city centre.
Close Moorways Pool & Sports Centre and Queens, without replacing	32%	5	Financially, this option scores highly as it would generate savings and would not require any capital funding. However, in non-financial terms it would have huge implications for service delivery and would not allow the city to achieve its vision. The opportunity to increase physical activity levels would be restricted and, politically, this is option is unlikely to be acceptable.

Options considered for outdoor hub

Option	Percentage score	Rank	Rationale
Retain athletics stadium & develop outdoor hub at Moorways	**84%**	**1**	This option scores highest at it would result in a single site, maintaining (and improving) the existing athletics stadium. This is the most cost effective option as to re-provide the athletics elsewhere would be costly. Moorways is also already recognised as a regional sporting venue and the site lends itself to the development of additional outdoor facilities due to its size. It is also in the ownership of the City Council so no additional costs would be required to purchase additional land. Bringing several sports together on one site also increases the likelihood of securing external funding. From a non-financial perspective, it fits well with city (and county) objectives and provides a real opportunity to increase levels of participation by providing a wide range of facilities and thus activities, on a single site.
Relocate athletics stadium & develop hub on a new site	79%	2	This option scores lowest in terms of capital cost as it will be very costly to rebuild an athletics stadium elsewhere. The cost of acquiring land is also likely to be high. It has similar benefits as the above option in terms of providing an opportunity to increase participation etc, however the two areas in which it scores lower are capital cost and deliverability (related to site acquisition and size).
Retain athletics stadium at Moorways & develop new facilities elsewhere	58%	3	In terms of operating position and revenue costs, this option scores the lowest as facilities would be on a split site and therefore staffing/management costs would be duplicated. The cost of acquiring land to build on elsewhere is also likely to be high. Whilst this option would provide a wide range of facilities, having two sites would limit the 'cross selling' opportunities between activities.
No outdoor hub	39%	4	Financially, this option scores highly as it would generate savings and would not require any capital funding. However, in non-financial terms it would have implications for service delivery and would not allow the city to achieve its vision. The opportunity to increase physical activity levels would be restricted if no outdoor hub was provided. The athletics stadium is seen as key to development of the sport across the county. Similarly, the need for cycling has been clearly shown. If the decision to have no outdoor hub was taken, the opportunity to retain and develop these sports further would be lost.

6.24 Whilst development of the outdoor hub at Moorways has scored highest against the evaluation criteria, the option to develop the outdoor hub on a different site should not be ruled out at this stage. It would be very difficult and costly to replicate the athletics stadium on a different site, however

there are likely to be benefits in co-locating the velodrome with the facilities at Pride Park eg football stadium, hotel and conferencing facilities, private health and fitness provision. Derby County Football Club has also expressed an interest in such a development.

6.25 Given that the large space within the centre of velodrome can be used for events, there are obvious advantages of having this facility co-located with hotel and conferencing provision. It would also add to the profile of Pride Park as a major sporting venue or 'Sport City'. However, assuming the athletics facilities will remain Moorways this would result in a spilt outdoor site. There are also some concerns with conflicting uses at weekends particularly in terms of parking on match days at Pride Park and access to the sports facilities for the community. This is an issue currently experienced in Sunderland with the Stadium of Light and Sunderland Aquatics Centre which are located on the same site.

6.26 At this stage therefore, commitment should be sought to the principle of developing an outdoor hub, following which more work is required in terms of a site options appraisal to agree the preferred site for development.

Options considered for satellite facility – north

Option	Percentage score	Rank	Rationale
Refurbish Woodlands School (do minimum)	**64%**	**1**	Financially, this option scores higher as capital costs required would be minimum. There is currently a funding bid in to the free swimming initiative capital modernisation programme which, if successful, will be used to fund improvements to the existing facility. There may however, be some revenue implications to increase the access and opening hours for community use. This option would allow continuity of provision and more opportunity to increase participation. There is limited evidence to suggest a new facility is required in this part of the city.
Build new facility	63%	2	Whilst this is the more costly option, it scores higher when assessed against the non-financial criteria. This is because provision of a new facility will provide greater opportunities to increase participation by providing a new high quality facility which meets modern day standards. This option also offers a longer term solution. The high cost of this option and the limited evidence of need for a new facility, however, means this option scores lower overall.

Options considered for satellite facility – west

Option	Percentage score	Rank	Rationale
Replace/refurbish Gayton, retain Derby College as a dual use facility, retain Lonsdale.	**65%**	**1**	This option has the least capital cost implications and is the most deliverable option given the high court order to replace/refurbish Gayton. Providing high quality water space at Gayton Pool and increasing community access will improve the swimming provision in the west of the city. The free swimming postcode mapping exercise also identified that many residents in the west of the city choose the travel across the border to Etwall. Therefore with a new central hub 50m pool, in conjunction with a new/refurbished Gayton Pool and retention of Lonsdale, this will provide for residents in the west of the city.
Close all	44%	5	Financially, this option scores highly as it would generate savings and would not require any capital funding. However, in non-financial terms it would have huge implications for service delivery and would not allow the city to achieve its vision. The opportunity to increase physical activity levels would be restricted and, politically, this is option is unlikely to be acceptable.
Retain Derby College as dual use facility, close Lonsdale but replace/refurbish Gayton	55%	4	This option is similar to option 1, however it scores lower as it would mean a loss of water space therefore limiting opportunities to increase participation. For this reason it scores poorly against its fit with Council objectives. Whilst Lonsdale is an old facility and is no longer strategically positioned, it does serve a valuable purpose, particular for club swimming.
Retain Derby College as dual use facility and build new pool, close Lonsdale	60%	3	Whilst capital costs would be reasonably high for this option, longer term this would generate revenue savings by having a high quality, more energy efficient facility on a single site. This option would have a positive effect on service delivery allowing better coordination of activities and cross selling opportunities. It would allow better partnership working with the College and provides a longer term solution than the previous options. There are also many synergies between what the College is trying to achieve and what the Council is trying to achieve e.g. coaching, volunteering, athlete development etc. This option, however, is dependant on the future plans of the College. The location of the college to serve the west of the city is also not ideal as it is isolated by the A38. Given a new Gayton Pool, a new 50m pool central hub and use of the Etwall Leisure Centre over the border, there is limited evidence to suggest the need for any additional water space.
New wet & dry facility at Derby Moor, close Lonsdale pool and college	61%	2	This option scores the low in terms of capital cost, however, is likely to have longer term revenue savings. This options assumes the dry facilities will be built as part of BSF and only the pool element will need to be funded by the Council. It scores well against the other non-

Option	Percentage score	Rank	Rationale
			financial criteria, however, as it would result in a single site maximising cross selling opportunities and throughput. It provides an opportunity to create better links with educational providers through BSF and would provide a long term solution. It also scores well against the Councils vision, aims and objectives and will impact positively on service delivery, encouraging a more joined up approach. This option scores poorly in terms of deliverability as it would have to fit in to the timescales of the BSF programme (as it is a sample school) and there are also constraints in terms of site size.

Options considered for satellite facility – south

Option	Percentage score	Rank	Rationale
Keep Moorways Sports Centre & Pool	38%	3	Due to the existing configuration of the Moorways Complex, operating costs are very high. Both buildings are also old and no longer fit for purpose and would require significant investment for even basic refurbishment (Pool – £1.6m, Sports Centre - £1.1m). Over a 25 year period, these two facilities would require a total of almost £12m for the re-model option. This is not considered to be value for money when compared with a new build option. This option also scores poorly against the non financial criteria is it provides little scope for enhancing the facility/activity offer. It does not fit with the Councils vision and does not provide a long term solution. Whilst it would allow continuity of provision to a certain extent, eventually the facilities would come to the end of their natural life and would need to be replaced. This option would also mean that the preferred outdoor hub option could not be pursued as the land required would not be available.
Keep Moorways Pool, close Sports Centre & develop dry at Noel Baker (as part of BSF)	41%	2	Similar to above, the existing pool is costly to operate and the building is no longer fit for purpose. Refurbishment or remodelling of the pool is not considered to be value for money when compared with a new build option. Pursuing this option would result in a split site, fewer cross selling opportunities as less opportunity to increase participation levels. Again, this option would mean that the preferred outdoor hub option could not be pursued as the land required would not be available. This option does not provide a long term solution.
Keep Moorways Sports Centre, close pool & develop pool at Noel Baker	37%	4	Similar to above, the existing sports centre is costly to operate and the building is no longer fit for purpose. Refurbishment or remodelling of the sports centre is not considered to be value for money when compared with a new build option. Pursuing this option would result in a split site, fewer cross selling opportunities as less opportunity to increase participation levels. Again, this option would mean that the preferred outdoor hub option could not be pursued as the land required would not be available. This option does not provide a long term solution. This option scores lower than the previous one as the Council would have to fund the new pool whereas for the previous option, the dry facilities could be funded through BSF. This option also scores lower on deliverability due to the timescales and complexities surrounding the BSF programme.
Close Moorways Pool &	**78%**	**1**	This option scores significantly higher than all other options against both the financial and

Option	Percentage score	Rank	Rationale
Sports Centre and build new wet facility (potentially linked to BSF which will provide dry facilities)			non-financial criteria. Whilst there would be capital implications to build a new facility, longer term, the revenue savings of having a new high quality, more energy efficient facility on a single site would be significant. A new, modern wet and dry facility that meets local needs is likely to increase participation levels and also meets the vision for the project, and of the service. Opportunities exist to build a new facility on a school site where, potentially, the dryside facilities would be funded through education/BSF. This option would also free up the Moorways site for development of the outdoor hub.

6.27 The option for the south of the city is somewhat dependant upon the chosen location for the outdoor hub. If a decision is made to develop the outdoor hub on Pride Park (but retain the athletics stadium at Moorways) then another option would be to build a new swimming pool facility on the existing Moorways site. Irrespective of the decision on the outdoor hub, dry sports facilities ie sports hall and potentially dance studios will be provided as part of the BSF programme.

Options considered for satellite facility – east

Option	Percentage score	Rank	Rationale
Retain Springwood (do minimum)	57%	3	This option scores best financially as it would require minimal capital investment. This building is also fairly new compared to the other Council facilities and is in keeping with modern standards. This option would have minimal impact on the Councils revenue position, if anything there could be savings to be made through a management/staffing review. Non-financially, this option is seen to be deliverable, providing continuity of provision with reasonable quality of design. It, however, restricts the opportunities to increase participation and does not provide an obvious opportunity to enhance links with other partners. This option would mean there would be no wet provision in this area of the city which does not fit with the proposed framework.
Retain Springwood and add pool	**63%**	**1**	Whilst this would have some capital implications, it is also likely to generate additional revenue through the addition of the pool. The facility was originally built in a way that a pool could be easily added on and it has therefore been scored highly in terms of deliverability. This option scores well in terms of its fit with Council objectives and ambition to be the most active city. Addition of a swimming pool will increase the opportunity to raise physical activity levels. This option scores slightly higher than a complete new build option as it is lower cost, is likely to be more deliverable and given the age and condition of the existing facility, there is little justification to replace it with a new wet and dry combined centre.
Retain Springwood and develop stand alone pool	54%	4	This option would require some capital investment and it would also impact negatively on revenue figures as it would accrue additional management costs. Developing a stand alone facility is not the most cost effective option and would limit cross selling opportunities. Whilst it scores well in terms of widening the offer and increasing participation opportunities, it would not encourage a joined up approach to provision.
Close Springwood & build new wet and dry centre	61%	2	This is the mostly costly option in capital terms. In terms of service delivery, opportunity to increase participation and fit with corporate objectives, however, this scores the highest of all the options. This also provides the best long term solution. It scores low, however, in terms of deliverability as given the age and condition of the existing Springwood facility, there is little justification to replace it with a new wet and dry combined centre.

Summary of preferred options

6.28 Following the evaluation of options against the financial and non-financial criteria, and against the proposed framework, the preferred option for the city as a whole has been summarised below.

- Indoor hub - Close Moorways Sports Centre & Pool and close Queens Leisure Centre, replacing both with one new build facility
- Outdoor hub - Retain the athletics stadium and develop an outdoor hub. Whilst development of the hub on the Moorways site scores highest against the evaluation criteria, the option to develop the outdoor hub on an alternative site, such as Pride Park, should not be ruled out at this stage and should be subject to further exploration.
- Satellite North – Refurbish Woodlands School
- Satellite West – Replace/refurbish Gayton, retain Derby College as a dual use facility and retain Lonsdale
- Satellite South – Close Moorways Pool & Sports Centre and build a new wet facility elsewhere in the south of the city (potentially linked to BSF which could provide dry facilities)
- Satellite East – Retain Springwood and add pool.

Priorities - A phased approach

6.29 The priority for the city should be development of the indoor and outdoor hubs in the first instance. The hub facilities form the core of the project and once completed, should be supported by developments/enhancements at satellite facilities.

6.30 It is recognised that a number of the above options are out of the City Council's control. It is therefore recommend that a phased approach to development of the above infrastructure is adopted, with an element of flexibility to respond to changing and emerging opportunities.

6.31 The preferred phased approach taking into account existing facility condition, 2012 legacy opportunities, community demand for facilities and external pressures/imminent opportunities is as follows:

- Initial phase (priority):
    - Develop the new indoor hub on a site preferably in the city centre. Keep Queens and Moorways open until the new facility is operational. Once operational these facilities can be closed
    - Develop the new outdoor hub at Moorways or on an alternative site (Pride Park has been identified as a potential option). This includes replacing the existing athletics track
    - Build a new swimming pool facility in the south of the city to compensate for the loss of Moorways
    - Replace/refurbish Gayton Pool in line with the high court order.
- Later phases:
    - Refurbish Woodlands School (although this could be moved forward in to phase 1 depending on funding timescales)

- Addition of a pool on to Springwood
- Investment in to Shaftsbury prior to transfer to alternative management vehicle.

Facility mix options

6.32 Having analysed the current facility infrastructure in Derby and identified future needs and aspirations (as set out in earlier sections), the next section sets out the essential and desirable facility mix at each level of the hierarchy. This is then followed by assessment of the capital and revenue implications of each option.

7. Facility mix options & capital costs

07

7.1 Based on the comprehensive supply and demand analysis set out in section 2, the preferred facility mix at each level of the hierarchy has been set out. Those elements identified as desirable may or may not be included in the final project, depending on issues such as affordability, land availability etc.

7.2 Table 7.1 sets out the preferred facility mix, associated headline capital costs and possible site options. Whilst some potential site options for the proposed new facilities have been identified, a full site options appraisal should be undertaken on agreement of the preferred scheme. The final preferred option at each level of the hierarchy will ultimately influence the size of site required.

7.3 The hub level facilities form the core of the project and should be the top priority for development.

Table 7.1 - Facility mix options, indicative capital costs & potential site options

Level of hierarchy & phase	Facility mix	Indicative capital cost	Site options
Indoor hub Phase 1	• 50m pool with boom(s) & moveable floor (to replace the amount of water space lost by closing Queens and Moorways) • Teaching pool • Leisure water • Spectator provision (c500 seats) • 100 station h&f gym (including junior gym equipment*) • Flexible studio space • 3 squash courts with flexible wall (*6 courts) • Café • Creche/Soft play • Healthy living / health promotion facilities • Office space for partners & clubs etc • Supporting facilities e.g. changing, parking etc • Training kitchen* • Health suite* • Indoor bowls*	£21.8m	To ensure maximum accessibility, the preferred site for the indoor hub would be within the city centre, close to public transport connections.
Outdoor hub Phase 1	• Replace athletics track • 250m indoor velodrome with 10-12 court sports hall and c500 seats (can also be used for events) • Closed road cycling circuit (1.5-2km) • Outdoor courts • Office space for partners & clubs etc • Supporting facilities e.g. changing, parking	£18.5m	The existing Moorways site is the preferred option for the outdoor hub. A second option would be Pride Park, although this has implications in

Level of hierarchy & phase	Facility mix	Indicative capital cost	Site options
	etc • 80m indoor athletics straight* • Bar/café*		terms of land purchase.
Satellite – South Phase 1	• 25m x 4 lane pool (with 40 station gym), • Beginners MTB course* (Assumes dry facilities provided via BSF)	£4m	Potential sites include Noel Baker School, Sinfin School, another school site.
Satellite – North Phase 2	• Refurbish Woodlands School Pool	Nil (funded through Free Swimming Capital Bid)	Woodlands school
Satellite – West Phase 2	• Refurbish/replace Gayton Pool	£1m	-
Satellite – East Phase 2	• 25m x 4 lane pool	Potentially nil, could be facilitated through procurement of private sector partner. If Council required to fund pool, c£4m.	Preferred site - Springwood Leisure Centre
Shaftsbury SC	• Refurbishment (DDA access, changing facilities, air conditioning etc)	c£1m	Shaftsbury SC
* Desirable (these have not been included in the indicative) capital costs			
Total	**Hub facilities – c£40m** **Satellite facilities – c£6-10m** **= £46 - £50m.**		

7.4 It would be sensible to add in a contingency premium to the total capital cost to cover land purchase, demolition costs, environmental measures (in line with Breeam excellent standards) and phasing of development. This would take the **total capital cost of the project to c£48-52m.**

7.5 In relation to the outdoor hub, two site options have been identified – Moorways and Pride Park. Whist a full site options appraisal will be required to assess these options in more detail, an initial 'footprint testing' exercise has been undertaken to show how a velodrome may fit on to each of the sites. These schematics have been provided in Appendix E.

Capital cost assumptions

7.6 The capital costs for each option are based on the following assumptions:

- An estimated gross internal floor area (GIFA) for each option, utilising data from recently completed schemes and Sport England design guidelines
- Leisure facility build costs of £2,500 per sqm for wet-side facilities and £1,500 per sqm for dry-side facilities (based on current market data)

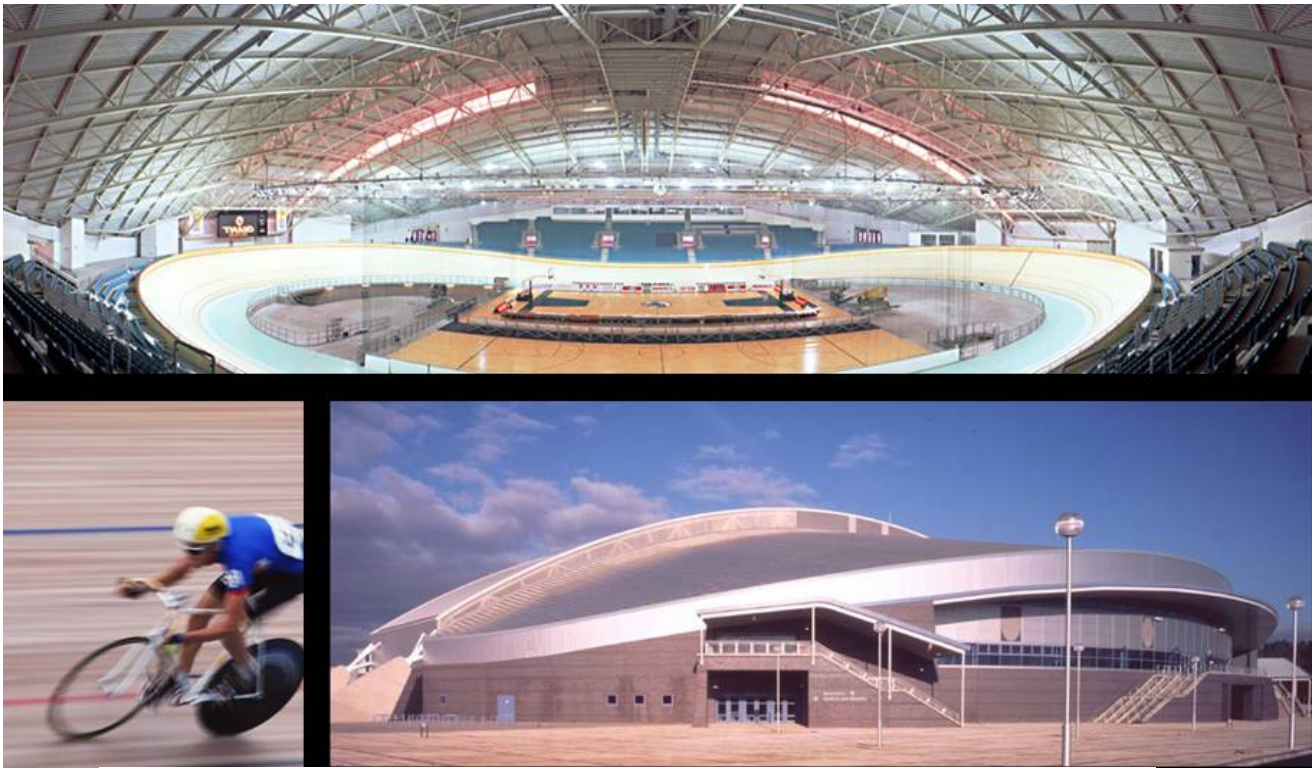
- The construction costs identified include professional fees (12.5%) and contingency (10%) – note: there is no inflation allowance, based on current market conditions, therefore the costs may be subject to significant variation depending on future market changes

- The costs exclude any allowances for abnormal ground conditions, land acquisition, legal fees, stamp duty, VAT or other taxation, demolitions or excavations, s106 contributions, highways works etc.

Illustrative images

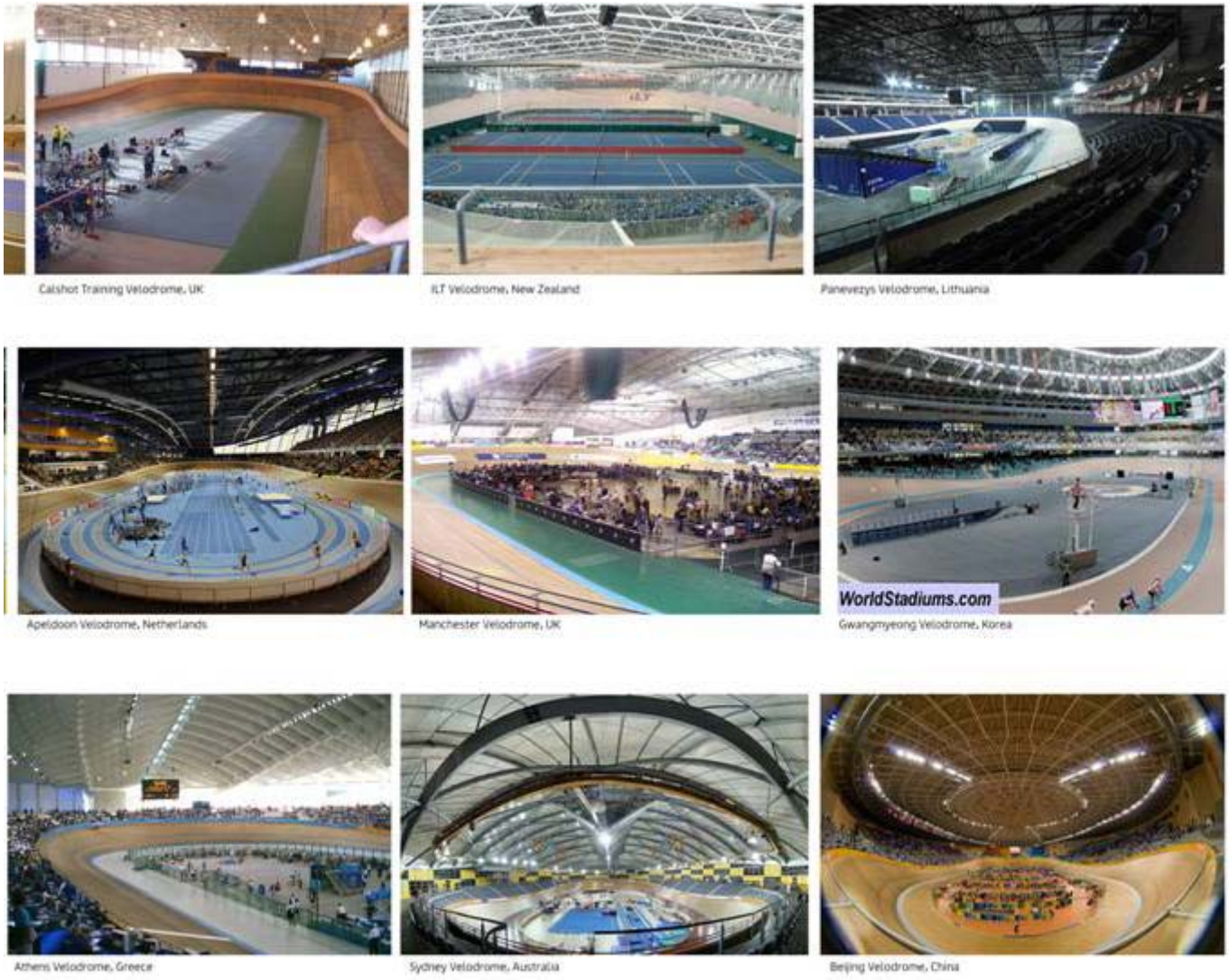
7.7 The following images illustrate the types of facilities identified above. These are examples of similar facilities from elsewhere in the UK and abroad.

Velodromes



National Cycling Centre, Manchester - 250m track 3500 seats completed 1994

Apeldoorn Cycle Track, Holland – showing multi-use infield



Various velodromes from around the world

FAULKNERBROWNS ARCHITECTS

Closed road cycle circuits

Shrewsbury Sports Village

Birmingham Wheels Park

50m pools

Grand Central Pools, Stockport

Manchester Aquatics Centre

Dollan Baths, East Kilbride

Funding appraisal

7.8 Given the capital costs outlined above, a funding appraisal has been undertaken, including all identified opportunities, funding bodies' requirements, potential levels of funding available and timescales for spending.

7.9 The parameters for funding are also included, given the spending restrictions incorporated by some funding bodies. Headline funding opportunities for the facilities are identified in Table 7.2 overleaf.

Table 7.2 - Potential funding opportunities

Funding body	Overview	Levels of funding	Timescales	Allocated towards (facilities/outputs)
Derby City Council	From a variety of sources (capital receipts, Prudential Borrowing against revenue savings, capital programme)	Potential for Prudential Borrowing from identified revenue savings. Potential capital receipts from sale of Shaftsbury and Queens.	N/A	No specific restrictions, other than a requirement to be in line with Council policies and priorities.
Section 106/ Developer Contributions	Section 106 could be allocated in respect of any housing developments in close proximity and adjacent to any of the identified site options	Dependent on development levels. Potential Sec 106 opportunities.	N/A	Dependent on the development and specific obligations required by the Council. The impact of recent changes in the housing market will need to be taken into account in terms of development timetables and likely values.
Capital receipts from site disposals	Possible receipts from disposal of Queens.	Dependent on market interest, which is currently suppressed by market conditions.	N/A	Would require a Council decision to allocate any receipts towards this leisure project.
National Governing Bodies of Sport (NGBs)	British Cycling (BC) has identified capital funding for the project. Other NGBs that may be able to contribute include England Athletics, England Netball, British Canoe Union, Amateur Swimming Association and England Basketball.	BC - c£350k for road racing circuit and c£500k for velodrome. Other NGBs unknown.	BC – funding available up to 2011. Others unknown.	NGBs will only fund projects related to their sport. Athletics may have funding to contribute to the replacement track/stadium upgrade. Netball & basketball may be interested in using the velodrome (indoor hall and outdoor courts) as a county centre. BC will fund the cycling related elements. The aquatic related NGBs may have funding available to contribute to the indoor hub.

Funding body	Overview	Levels of funding	Timescales	Allocated towards (facilities/outputs)
Sport England – Sustainable Facilities Fund	The Sustainable Investment in Communities Facilities Fund invests £10m a year of Lottery and Exchequer money into innovative projects capable of transforming the places where we play or take part in sport. It is about investment in facility projects that are sustainable in the long-term, not just when they open. Suitable projects must be able to bring in enough revenue to maintain high standards of facility provision and customer service and a varied programme of sports opportunities and sports development outreach work. Suitable projects must also create long lasting partnerships between public, private and commercial organisations. They will develop and promote industry best practice. And they will make an impact on one or more of Sport England's strategic outcomes – Grow, Sustain, Excel.	£10m/year – supporting between 5 & 10 capital projects per year. Likely maximum - £2m.	The next round opens in late October '09.	Features of a 'sustainable community facility' include: • needs and evidence base using Sport England tools • joined-up planning across boundaries • facilities and opportunities for two or more NGBs – 'hubs' • involvement by public & voluntary sectors with new management structures tested • sustainable business plan • partnership working, co-location and community involvement • links to wider social policy areas eg health, childcare provision and lifelong learning • strategic partnerships with national and regional agencies.
NHS Derby City	Consultation with the NHS suggested that funding is more likely to be in the form of revenue (for renting out space within a facility for example) rather than capital.	Likely to be revenue rather than capital funding.	N/A	Likely to be revenue rather than capital funding.
University of Derby	The University are particularly interested in the cycling element of the project. They therefore may have some capital funding to put towards the project and/or be able to access education related pots of funding that the City Council may not.	Unknown - discussions ongoing	Unknown - discussions ongoing	Unknown - discussions ongoing

Funding body	Overview	Levels of funding	Timescales	Allocated towards (facilities/outputs)
East Midlands Development Agency (emda)	emda is one of nine Regional Development Agencies in England, set up by Government to bring a regional focus to economic development. emda's key role is to be the strategic driver of sustainable economic development – aiming to increase the economic growth of the region while reducing disparities between the East Midlands and other English regions. Any project seeking funding would have to show to how it would deliver the goals of the Regional Economic Strategy (RES) – and deliver against the themes of the themes of productivity, sustainability and equality. emda does not fund sport projects directly, but would be interested in project that would have a good 'regeneration / economic impact' case.	Unknown	Unknown	Would have to prove that the project will have a significant regeneration and/or economic impact for the region. Events are key to this.
Commercial	Potential for naming rights deals or other forms of commercial sponsorship. Potential for capital funding in respect of any additional commercial facilities e.g. commercial retail opportunities linked to the velodrome – bike shops/kit etc	Would depend on the scale of the development and any local interest – likely to be interest in the velodrome and indoor hub e.g. from Rolls Royce, Toyota & other Blue Chip Companies.	Opportunities have not been explored as part of this study and should form part of the next phase of work.	N/A

Funding body	Overview	Levels of funding	Timescales	Allocated towards (facilities/outputs)
Building Schools for the Future	The BSF programme in Derby is currently at the competitive dialogue stage. Building is due to start in October 2010. The programme is due for completion in 2014.	Dependent on plans for each individual school.	The construction programme relating to the sample schools (Derby Moor, Noel Baker & St Martins) is due to commence in October 2010 with completion ready for opening in September 2012.	Sports facilities can be provided as part of a BSF project, where there is a demonstrable need as part of the education provision. The types of facilities provided often include a sports hall, outdoor pitches and gym. BSF is unlikely to fund swimming pool projects.

7.10 In addition to the above, there are also a number of smaller grant opportunities such as the Derbyshire Community Foundation, Fair Share Trust, National Sports Foundation and Sportsmatch, however, these are only likely to generate small grants. These types of grants are more relevant for smaller community based projects (for example at satellite level 2 facilities). It is therefore recommended that efforts are focussed on securing funding from the sources identified in the table in the first instance. Cases will need to be made to the identified grant funding organisations once a preferred project is confirmed and analysis of the regeneration / economic / health / sporting benefits has been conducted. It is premature to approach these organisations without being able to quantify the specific benefits of the project.

Summary

7.11 In summary, the total cost of the project is likely to be in the region of £50m. Assuming the Council can generate some capital from Prudential Borrowing through revenue savings, and an additional £5-10m from a combination of Sport England, EMDA, NGBs, naming rights, sec 106 and other identified funding pots, the funding shortfall is likely to be in the region of £30-£40m.

7.12 Given that the Council would have to spend c£18m simply for basic refurbishment of existing facilities and c£37m for the remodelling and adaptation option1, then the cost to the Council of c£30-40m to provide new and refurbished facilities which fit with the proposed facility framework and meet the demand from the City, County and region is deemed to be good value for money. Indeed, considering that the £18m basic refurbishment is effectively the 'do nothing' cost, then the additional £15-20m for long-term high quality facility provision appears to be a worthwhile investment. The following section details the associated revenue costs and incomes for the preferred option at each level of the hierarchy.

[1] £17.7m identified in Faithful and Gould Condition Survey (2005) for basic refurbishment and £37m for remodelling and adaptation.

8. Business Planning

08

Introduction

8.1 Having outlined the preferred facility mixes and capital implications, it is important to also understand the ongoing revenue implications associated with the new facility stock. This section therefore outlines the revenue costs and incomes projected for the new facilities and compares them to current budgets.

8.2 A market-led approach, based on local information and national benchmarks, has been taken to the business planning, in order to provide the Council with confidence of delivery and to provide the management of the centres with a sustainable operating plan. Likewise, staffing costs are based on a mix of full-time and part-time staff, with additional instructor posts linked to income categories, thus providing flexibility over expenditure in the event that activity levels are lower than predicted.

Management model

8.3 The facilities are currently managed in-house by Derby City Council. For the purposes of this revenue planning work we have therefore assumed this management model will continue. Utilising the current model of delivery should ensure continuity of service from a customer perspective.

8.4 However, the Council will be aware of various other management models in the leisure industry, including Non-profit Distributing Organisations (NPDO's) or trusts, private sector management models and mixed economies. A separate management review is recommended to ensure the most appropriate vehicle is in place to deliver the new facilities. A headline overview of the options available is contained later in this report.

Basis of information

8.5 It is not possible to guarantee the fulfilment of any estimates or forecasts contained within this report, although they have been conscientiously prepared on the basis of our research and information made available to us at the time of the study. Neither pmpgenesis as a company nor the authors will be held liable to any party for any direct or indirect losses, financial or otherwise, associated with any contents of this report. We have relied in a number of areas on information provided by the client and the architect, and pmpgenesis has not undertaken additional independent verification of this data.

General business plan assumptions

8.6 This sub-section details the main assumptions that have been used to build up the draft business plans.

8.7 The historical performance of the Council's existing facilities have been reviewed to provide a comparison to the new facility business plans. We have also referred to the demand and supply analysis that was outlined earlier in this report. This combination of information provides a good baseline on which to develop future projections.

8.8 The business plan is based on the 2009/ 2010 financial year.

8.9 Prices are assumed to be roughly equivalent to the Council's current pricing policy for the existing facilities and do not include any assumed premium for the improvement in quality of facilities offered. This is important in terms of maintaining throughput numbers and activity levels.

8.10 VAT has been included at 17.5%, as the VAT rate is likely to have increased to this level again by the time the new facilities are constructed.

8.11 The expenditure projections are based on:

- staffing costs reflecting the programme and in line with current average salary grades
- premises costs based on the size of the facilities and the capital cost projections for each option
- other costs based on industry standards include:
    - utilities costs - £30 per m^2
    - repairs and Maintenance - £15 per m^2 (inc. grounds maintenance)
    - cost of Sales - 45% of income
    - advertising and marketing - 2% of income
- no central support costs are included in the business plan, as it is assumed that these will continue at the same level as current costs (as they are dictated by the central services of the Council and are not facility dependant).

Summary Business Plan

8.12 Summary business plans for the first 5 years of operation for the indoor and outdoor hubs are provided in Tables 8.1 & 8.2 overleaf.

8.13 The indoor hub business plan is based on the core scheme and therefore does not include the desirable elements of indoor bowls, training kitchen and junior gym.

8.14 For the outdoor hub, the model assumes greater management responsibility for the athletics track will be passed over to the athletics club, with associated savings in Council costs. The club are keen to take on additional responsibility and this type of shared model works well in other areas of the country.

Table 8.1 - Summary Business Plan for Indoor Hub

FINANCIAL SUMMARY

	YEARS				
INCOME	**1**	**2**	**3**	**4**	**5**
Rentals	29,553	29,553	29,553	29,553	29,553
Health and Fitness	444,059	558,582	561,139	587,189	600,213
Wet side	425,662	425,662	425,662	425,662	425,662
Secondary	109,188	119,134	119,310	121,465	122,542
TOTAL INCOME	1,008,462	1,132,931	1,135,665	1,163,869	1,177,970

	YEARS				
EXPENDITURE	**1**	**2**	**3**	**4**	**5**
Staffing Costs					
Salaries and Wages	748,516	748,516	748,516	748,516	748,516
Premises					
Utilities	254,151	254,151	254,151	254,151	254,151
Repairs and Maintenance	127,076	127,076	127,076	127,076	127,076
Grounds Maintenance	42,359	42,359	42,359	42,359	42,359
Cleaning	25,415	25,415	25,415	25,415	25,415
National Non-Domestic Rates	83,160	83,160	83,160	83,160	83,160
Life-Cycle Costs	237,600	237,600	237,600	237,600	237,600
Advertising & Marketing	30,169	22,659	22,713	23,277	23,559
Administration					
Insurances	63,360	63,360	63,360	63,360	63,360
Printing, Postage and Stationery	7,485	7,485	7,485	7,485	7,485
IT (telephones / software / licences / website)	14,970	14,970	14,970	14,970	14,970
Other Administration (banking / transport / licences etc.)	22,455	22,455	22,455	22,455	22,455
Other supplies and sundry items	20,169	22,659	22,713	23,277	23,559
Cost of Sales - Secondary Income	49,134	53,610	53,690	54,659	55,144
Other Costs					
Central Costs	0	0	0	0	0
Irrecoverable VAT	11,682	11,673	11,676	11,713	11,731
Total Expenditure	1,737,701	1,737,146	1,737,338	1,739,473	1,740,540

NET OPERATING SURPLUS / (COST)	(729,239)	(604,216)	(601,673)	(575,604)	(562,569)
excluding life-cycle costs	(491,640)	(366,616)	(364,074)	(338,004)	(324,970)

Table 8.2 - Summary business plan for outdoor hub

FINANCIAL SUMMARY

INCOME	YEARS 1	2	3	4	5
Dryside	246,596	258,926	271,872	274,591	277,336
Rentals	29,872	31,366	32,934	33,264	33,596
Secondary	50,190	52,923	55,814	56,863	57,927
TOTAL INCOME	326,658	343,215	360,620	364,717	368,859

EXPENDITURE	YEARS 1	2	3	4	5
Staffing Costs					
Salaries and Wages	260,960	260,960	260,960	260,960	260,960
Premises					
Utilities	145,065	145,065	145,065	145,065	145,065
Repairs and Maintenance	96,710	96,710	96,710	96,710	96,710
Cleaning	24,178	24,178	24,178	24,178	24,178
National Non-Domestic Rates	100,000	100,000	100,000	100,000	100,000
Life-Cycle Costs	150,000	150,000	150,000	150,000	150,000
Advertising & Marketing	6,533	6,864	6,864	6,864	6,864
Administration					
Insurances	60,000	60,000	60,000	60,000	60,000
Printing, Postage and Stationery	11,947	11,947	11,947	11,947	11,947
Other Administration (banking / transport / licences etc.)	8,166	8,580	9,015	9,118	9,221
Cost of Sales - Secondary Income	22,586	23,542	24,554	24,921	25,293
Total Expenditure	886,145	887,847	889,293	889,763	890,239

NET OPERATING SURPLUS / (COST)	(559,487)	(544,632)	(528,673)	(525,046)	(521,379)
excluding life-cycle costs	(409,487)	(394,632)	(378,673)	(375,046)	(371,379)

8.15 The projected usage for year 3 for the two hub sites is outlined in Table 8.3 below.

Table 8.3 – Projected Usage in year 3 of operation

USAGE SUMMARY	Indoor Hub	Outdoor Hub
Number of Visits per annum:		
Dry side	0	122,763
Rentals	18,335	0
Health & Fitness	177,750	0
Swimming	271,213	0
Total Visits	**467,299**	**122,763**

Business Plan Assumptions

8.16 The detailed business plan assumptions are provided below:

Pricing

8.17 Based on the existing pricing policy of the Council, table 8.4 sets out prices assumed within the indoor hub site business plan.

Table 8.4 – Headline Prices

PRICES	GROSS PRICE £
Adult Swim	2.65
Junior Swim	0.00 (free swim)
Concessionary Swim	1.95
Club Hire	50.00
Junior Lesson (per lesson)	4.00
Adult Lesson (per lesson)	4.00
Badminton court - peak	8.00
Badminton court – off-peak	5.50
Health & Fitness suite – single membership DD	33.50
Health & Fitness suite – gym only membership DD	25.00
Health & Fitness suite – casual use fee	5.20
Health & Fitness suite – casual use fee (concession)	2.70
Aerobics classes	3.95

Opening Times

8.18 The opening hours of the facilities are assumed to be as follows:

- Main Pool
    - Monday to Friday 7am – 10pm
    - Saturday & Sunday 8am – 6pm (unless opening later for galas)
- Dryside
    - Monday to Friday 9am – 10pm
    - Saturday & Sunday 9am – 6pm
- Health & Fitness Suite
    - Monday to Friday 7am – 10pm
    - Saturday & Sunday 8am – 6pm

Swimming Income

8.19 The swimming income is based on a balanced programme of use and pricing as previously outlined. Within this current programme, it is estimated that there will be just over 900 children on the 'learn to swim' programme.

8.20 Overall swimming income is projected to breakdown as follows:

Swim Income Breakdown (£000)	Indoor Hub
Casual	136
Lessons & Classes	187
Pool Hire (inc. school / club / gala use)	102

8.21 The total income of £426k compares to current swimming income at Queens and Moorways combined of £665k in 2008/09. However, we have assumed that some of this demand will be diverted to the satellite level 1 centres, hence the conservative estimates for the new hub site.

Membership

8.22 The business plan assumes membership levels of c.1,500 in year 3, with a split between different categories of membership of singles / couples / gym only / concessions.

8.23 This equates to an income per station level of c.£5.6k pa, which is in the mid-range of expected income levels for a new leisure facility. There is therefore an opportunity to grow this membership, depending on final site selection, building configuration etc.

Secondary Spend

8.24 There is a café planned for within the new facility. It is assumed that an average of £0.25 will be spent on catering and vending per user of the facilities and £0.05 will be spent on retail, based on national benchmarks and existing local performance. Again, we have seen some new facilities generate in excess of £1 per user secondary spend, so there is an opportunity to enhance these projections.

Expenditure

NNDR

8.25 It is difficult to calculate the NNDR costs for the new facilities at this early stage, and no further information is available from the district valuer until a firm site and plans are in place. Therefore notional estimates have been included based on our experience of other similar facilities.

8.26 Depending on future management models, there is also an opportunity to look for NNDR savings available via trust-type models. This could result in an 80% saving on NNDR.

Staffing Costs

8.27 Staffing costs have been determined on a designation by designation basis and based on the opening hours and programmes of the centre. The assumptions for the staff are detailed in Table 8.5.

8.28 Staff on-costs have been assumed at a level of 31% comprising; 10% national insurance, 12% pensions and 9% for training, sickness and holiday cover costs.

Table 8.5 - Staffing Structure for Indoor Hub

Designation	Base Salary	FTE
General Manager	30,000	1.0
Duty Managers	27,000	3.0
Receptionists	12,500	3.2
Leisure Assistants	19,500	7.1
Gym Manager	27,000	1.0
Gym staff	19,500	3.7
Gym sales assistant	16,500	1.0
F&B assistants	16,500	2.1
Maintenance staff	21,000	1.0
Instructors – Swimming & aqua	30,000	2.1
Instructors – Aerobics	30,000	1.5
Instructors – Sports	25,000	0.3
TOTAL		**27.1**

8.29 The staffing structure for the outdoor hub is based on 14 FTE posts. This is a skeleton staffing structure based on the nature of the facility and the emphasis on coached activity in the main velodrome.

Other Expenditure

8.30 Utility costs for the indoor hub are based on current rates and reflect the rising costs of the previous 2 – 3 years. They are calculated at £30 per m2, based on industry benchmarks. For the outdoor hub, they are based on £15 per m2, to reflect the different nature of the building and lower energy consumption.

8.31 Lifecycle costs have been included for both options. However, this is something the Council do not currently budget for and therefore the business plan summaries noted earlier also show the net deficit excluding lifecycle costs, for comparison with current expenditure.

8.32 Insurance costs include for building, contents, employers and public liability insurance.

8.33 Additional cleaning costs have been included for chemicals and high level cleaning, with much of the day-to-day cleaning undertaken by leisure assistants.

8.34 Marketing costs are assumed at 2% of projected income levels, with additional launch costs of £10k incorporated in year 1 for the launch of the new facilities.

8.35 Costs of sales have been assumed at a rate of 45% of projected food and beverage income.

Sensitivity analysis

8.36 Given the reliance on specific categories of income, it is important that the Council understand the risks associated with changes in key areas of income / expenditure. Tables 8.6 and 8.7 therefore highlight the impact on net operating position of a series of potential changes to income or expenditure for the baseline option for both the indoor and outdoor hub.

Table 8.6 - Sensitivity analysis for Indoor Hub

AMENDMENT TO BASE PLAN	VARIANCE	YEAR 5		
		INCOME (£000)	EXPENDITURE (£000)	NET POSITION (£000)
Base Plan		1,178	(1,740)	(562)
Increased Income	10%	1,296	(1,740)	(444)
Reduced Income	10%	1,060	(1,740)	(680)
Increased Health and Fitness Income per Station	1,000	1,278	(1,740)	(462)
Reduced Health and Fitness Income per Station	1,000	1,078	(1,740)	(662)
Increased Expenditure	10%	1,178	(1,915)	(737)
Reduced Expenditure	10%	1,178	(1,566)	(388)
Increased Staff Costs	10%	1,178	(1,815)	(637)
Reduced Staff Costs	10%	1,178	(1,666)	(488)

Table 8.7 - Sensitivity analysis for Outdoor Hub

AMENDMENT TO BASE PLAN	VARIANCE	YEAR 5		
		INCOME (£000)	EXPENDITURE (£000)	NET POSITION (£000)
Base Plan		369	(890)	(521)
Increased Income	10%	406	(890)	(484)
Reduced Income	10%	332	(890)	(558)
Increased Expenditure	10%	369	(979)	(610)
Reduced Expenditure	10%	369	(801)	(432)
Increased Staff Costs	10%	369	(916)	(547)
Reduced Staff Costs	10%	369	(864)	(495)

Satellite Level 1 sites

8.37 Having outlined the detailed business plans applicable to the new hub facilities, it is also important to consider the associated revenue costs of the level 1 satellite sites.

8.38 The recommended options include two new facilities in the West and South of the City, therefore bespoke business plans for this option have been developed. For the North East and North West, additions to existing facilities are recommended and therefore associated 'additional' costs have been examined.

New build satellite facilities

8.39 The business plans for the new satellite facilities are based on similar assumptions to the main hub sites, particularly in terms of programming ethos, management models and opening hours. Table 8.8 shows the summary business plan for the new satellite facility.

8.40 The summary identifies a net deficit of c£170k in a mature year, however, the intention is to develop the satellite facilities on BSF school sites where possible, which should mean a contribution towards the net deficits from education.

Table 8.8 - Satellite level 1 business plan summary

FINANCIAL SUMMARY

	YEARS				
INCOME	**1**	**2**	**3**	**4**	**5**
Health and Fitness	237,226	268,620	272,619	288,612	295,276
Wet side	115,595	115,595	115,595	115,595	115,595
Secondary	39,698	43,336	43,739	45,462	46,209
TOTAL INCOME	392,520	427,552	431,953	449,669	457,080

	YEARS				
EXPENDITURE	**1**	**2**	**3**	**4**	**5**
Staffing Costs					
Salaries and Wages	386,917	386,917	386,917	386,917	386,917
Premises					
Utilities	55,605	55,605	55,605	55,605	55,605
Repairs and Maintenance	22,242	22,242	22,242	22,242	22,242
Grounds Maintenance	3,707	3,707	3,707	3,707	3,707
Cleaning	3,707	3,707	3,707	3,707	3,707
National Non-Domestic Rates	15,989	15,989	15,989	15,989	15,989
Life-Cycle Costs	50,704	50,704	50,704	50,704	50,704
Advertising & Marketing	7,850	8,551	8,639	8,993	9,142
Administration					
Insurances	13,521	13,521	13,521	13,521	13,521
Printing, Postage and Stationery	7,738	7,738	7,738	7,738	7,738
Telephones	7,738	7,738	7,738	7,738	7,738
Other Administration	11,608	11,608	11,608	11,608	11,608
Other supplies and sundry items	11,776	12,827	12,959	13,490	13,712
Cost of Sales - Secondary Income	17,864	19,501	19,682	20,458	20,794
Other Costs					
Irrecoverable VAT	2,882	2,941	2,948	2,977	2,990
Total Expenditure	619,847	623,296	623,704	625,394	626,113
NET OPERATING SURPLUS / (COST)	(227,328)	(195,743)	(191,751)	(175,725)	(169,033)
excluding life-cycle costs	(176,624)	(145,040)	(141,047)	(125,021)	(118,329)

8.41 The other satellite sites are assumed to be a refurbishment at Woodlands Pool and a pool extension at Springwood.

8.42 The Woodlands Pool refurbishment may require additional revenue funding to support increased community use and longer opening hours. A £50k additional contingency has therefore been set aside for this facility.

8.43 The Springwood extension is assumed to be managed within the existing deficit associated with the site – the current deficit is considered to be extremely high for a dryside facility (c£235k) and therefore no additional subsidy is required for this site.

Summary

8.44 The projected mature year position for the new facilities is shown in Table 8.9.

Table 8.9 - Summary of business plans

Facility	Net deficit £000	Net deficit (excluding lifecycle costs) £000
New indoor hub	563	325
New outdoor hub	521	371
Woodlands refurbishment	50	50
Springwood extension	235	235
New satellite facility in South	170	118
New satellite facility in West	170	118
TOTAL	**1,709**	**1,217**
Assumed education contribution if development on BSF sites	(150)	(150)
Revised TOTAL	**1,559**	**1,067**

8.45 Comparing this to current expenditure of £1.87m in 2008/09, this indicates a net saving in the range of £300-800k pa, depending on the treatment of lifecycle costs and final location of the facilities. Utilising this saving for capital investment via prudential borrowing could generate between £4.5m and £11m of capital.

8.46 The next section outlines the procurement routes available to the Council to deliver the new and refurbished facilities. We have also included information on alternative management models for information purposes, however, we would recommend a detailed management options appraisal is carried out to confirm the preferred management route in the future.

9. Procurement & Management Options

09

9.1 The purpose of this section is to provide information on the range of procurement and delivery options available to support the new portfolio of facilities. This section covers the following management and procurement options for the provision of assets and services:

- Procurement Options
  - Build Contract
  - Design and Build Contract
  - Design, Build, Finance and Operate Contract (DBFO)
  - Private Finance Initiative Contract
  - Design, Build, Operate and Maintain Contract (DBOM)
  - Local Asset Backed Vehicle (LABV).
- Management options
  - In house management
  - Trust management
  - Hybrid Trust management
  - Private Sector Management.

Procurement Options

Build Contract

9.2 In the traditional design and build construction project, the Council enters contracts with a design professional (typically an architect) to design the project. The architect may employ other "sub-design consultants" such as engineers. When the design is complete and approved by the Council, several bids are solicited from contractors. The Council then enters into a separate contract with a building contractor to construct the building.

9.3 There are the practical risks around the buildability of the design and the management of the design process. With the former, there may be issues that the design is not the most efficient to construct. This can be overcome by engaging a contractor early to provide input into the design before it is “completed” by the relevant design consultants. However, this requires early selection of a contractor before a fixed price for the construction works can be agreed.

9.4 This can be managed but can delay the date on which price certainty is achieved, although the resultant figure should be more likely not to be exceeded than where a fixed price is agreed under a competitive single stage tender. The latter risk is that the Council retains responsibility (as between itself and the contractor) for any delay in providing design information from its professional consultants to the contractor.

9.5 Even where designs are allegedly “detailed” or “complete” before the engagement of a contractor, there is usually the need for continued detailing of design and approval of elements (particularly mechanical and electrical installations) from specialist contractors. This can be exploited by a contractor who has bid low to win the job as a way of claiming additional costs.

9.6 Table 9.1 overleaf identifies the advantages and disadvantages of the build contract approach.

Table 9.1 - Summary of Traditional Build Contract

	Advantages	Disadvantages
Build contract	▪ allows the Council to: o develop the design o provide the finance at cheaper rates than private sector funding o select an operator who may be an in house provider, private contractor or a Trust (e.g. Nexus).	▪ impact on the VAT recovery on the Council's s 5% partial exemption de minimus limit (see VAT section later) ▪ risk of the design retained by Council and therefore the building contract price ▪ risks associated with the future operation of the facilities ▪ risk of delays and increased costs in construction due to interface issues between the architect / builder ▪ increased costs and delays arising from client changes due to lack of clarity on outputs.

9.7 The procurement timescale for this approach is typically 18 months. However, delays often occur post procurement and during construction due to interface issues between the architect and builder and requirements for changes in design / construction due to a lack of focus on outputs during original design and procurement.

Design and Build Contract

9.8 In a design and build system, the Council enters into a single contract with a design-builder who both designs and constructs the building. The design-builder may employ architects or engineers (either on the design-builder's staff or from outside firms), but such design professionals are directly responsible to the design-builder, not the Council.

9.9 Design and build contracts provide single-point responsibility vis a vis the Council. If the Council has a problem, they need only call the design-builder, alleviating any need to sue both architect and contractor individually.

9.10 The design-build system also increases the likelihood that the building will be constructed within the Councils budget. Contractors often can provide better prices and information regarding construction methods than architects. The contractor is able to conduct value engineering and constructability analysis from the start.

9.11 Finally, design and build projects are often completed sooner and are more flexible than traditional build only projects. A design-builder can start construction before the final design is completed. The design-builder can provide early project scheduling, and can order long-lead time items before the design is completed. In build only contracts, the design generally must be completed before bids are let.

9.12 However, in a design-build contract, the owner cannot rely on the architect to act as his or her representative during the construction process. Under the traditional build only contract, the architect will conduct site inspections, review pay requests and change orders, and assist in resolving disputes between the owner and contractor. As a result, some owners in design and build contracts will employ their own architect or other adviser knowledgeable in construction. However, this may result in increased costs and animosity that the design and build system is intended to avoid.

9.13 Design and build contracts require the contractor to design and construct a building to meet the Council's requirements. A formal document will need to be drawn up with appropriate technical input

to describe accurately the Council's requirements. In practice the level of the detailing of those requirements can vary enormously depending on the project.

9.14 The important issue for the Council to grasp is that the statement of their requirements needs to be clear in order for the contractor to accurately price what it will provide (usually set out in a formal document called "contractor's proposals" or similar) and to provide the Council with a clear statement of needs against which they can assess different contractors' proposals. Again, the Council is likely to require technical input to assess whether the contractor's proposals do indeed address the Council's requirements.

9.15 Historically, the conventional wisdom was that design and build contracts led to mediocre design because the design-builder was more concerned with cost and constructability. This concern seems to be fading as contractors become more experienced and more design professionals enter the design-build field.

9.16 Table 9.2 below identifies the advantages and disadvantages of the design and build contract approach.

Table 9.2. Summary of Design & Build Contract

	Advantages	Disadvantages
Design and Build contract	▪ provides the Council with the opportunity to select their own operator to manage and maintain the facilities ▪ can use cheaper finance than a private finance route ▪ transfers the design and construction risk to the building contractor.	▪ does not provide an integrated solution (no operator to inform the design) ▪ capital cost of the facilities may impact on the Council's VAT position ▪ there are the risks associated with the future operation of the facilities.

9.17 The procurement timescale for this approach is typically 18 months.

Design, Build, Finance and Operate Contract (DBFO)

9.18 Under a DBFO contract, a Council may purchase a capital-intensive service from a private sector company or consortium of companies under a long-term (normally 25-30 year) contract with defined outputs and performance requirements. The Council retains ownership of the assets but an operator is committed to significant capital investment in those facilities.

9.19 Under the contract, the private sector partner designs, builds, finances and operates the new facilities in return for an annual fee (called a unitary charge). The private sector partner recovers its costs and generates a return on investment through performance related payments from the Council (unitary charge) over the contract period (a payment mechanism would police performance and the deductions level) together with, where relevant, any third party income from users of the facilities (particularly applicable to leisure facilities – indeed, where sufficient income is generated from the contract, an agreed contribution may go back to the Council).

9.20 In respect of maintenance, lifecycle of plant and security services, having a "one stop shop" private sector partner is helpful to the Council. It should ensure robust build and use of appropriate materials (to assist lower maintenance and cleaning costs) and design/configuration of facilities with consideration of functionality in use. This transfers many of the risks associated with the above

procurement routes to the private sector. In respect of leisure operation, the private sector offers the benefit of wide commercial knowledge and experience, which should lead to greater efficiency of operation and higher income generation. The culture of these organisations is highly customer focused and market driven.

9.21 Without this integration the Council would have a number of tricky interfaces to manage. A 'one stop shop' solution (which includes the DBFO, PFI and DBOM procurement routes) leaves most interface risks with the private sector. In addition, through this solution the Council contractually commits itself to funding the maintenance of the facilities to ensure that they are in a desirable condition in 25 or 30 years time by pre-paying, as part of the Unitary Charge, for a lifecycle replacement programme. This should ensure that the Council is handed back the facilities in the same condition as when they were built, subject to fair wear and tear.

9.22 Table 9.3 below identifies the advantages and disadvantages of the DBFO approach.

Table 9.3. Summary of DBFO Contract

	Advantages	Disadvantages
DBFO	▪ almost all the risks relating to the design, construction, financing and operation are transferred to the private partner ▪ this 'packaging' of risk tends to result in construction completion on schedule, due to the funders requirements to start repayment of debt, which can only happen once operation commences.	▪ this method of procurement will require a private sector operator and uses private finance which may take up more time and may be more expensive than public sector debt ▪ risk that the consortia may not be made up of the best partners in relation to each element of the project (i.e. a strong consortium with a weak design team).

9.23 The procurement timescale for this approach is typically 18-24 months.

The Private Finance Initiative Contract

9.24 A PFI contract uses the DBFO Contract outlined above but central government provides the Council with special grant payments to help meet the cost of financing the design and construction of the asset. These grant payments are based upon the net present value of the capital payments under the contract and are known as PFI Credits. A standard form of contract would need to be used and this type of procurement is heavily regulated.

9.25 The PFI timescale will be dependant upon when the Government announce a new release of funds and a request for bids to that fund. These projects can be complex and the bidding costs for the Council are normally higher than other contracts. Furthermore, it is unlikely that a leisure only project would receive PFI credits under the current criteria.

9.26 Table 9.4 below identifies the advantages and disadvantages of a PFI contract approach.

Table 9.4. Summary of PFI Contract

	Advantages	Disadvantages
PFI contract	▪ Credits provided to meet an affordability gap – reducing the cost to the Council.	▪ Increased timescale for procurement ▪ Increased complexity ▪ Higher bidding costs ▪ WSC unlikely to receive credits and process for applying will increase timescale

9.27 The procurement timescale for this approach is typically 24-30 months.

Design, Build, Operate and Maintain Contract

9.28 This is a variation of the DBFO contract, where the Council enters into a long-term contract with the private sector consortium for the design, build, operation and maintenance of a facility/facilities as outlined above, but with the difference that the Council provides the finance to meet the initial capital costs of the arrangement.

9.29 The funding of the initial capital costs of these schemes may be from capital receipts, capital grants, land sales or swaps, revenue contributions or from the prudential borrowing system introduced by the Local Government Act 2003. The financing of these types of contract using public sector resources is likely to be more cost effective than the use of private sector finance, where PFI credits are not available.

9.30 The absence of a private sector funder should reduce procurement time and costs by virtue of the absence of a separate set of funder advisers (legal and technical) carrying out their own due diligence on behalf of the funder. However, the involvement of funder advisers can be of assistance in looking at the deliverability of the project and ensuring all risks are managed.

9.31 Table 9.5 overleaf identifies the advantages and disadvantages of the DBOM approach.

Table 9.5. Summary of DBOM Contract

	Advantages	Disadvantages
DBOM	▪ 'whole life' approach to facility development, including private sector expertise at all stages, thus promoting an operationally efficient solution ▪ almost all the risks relating to the design, construction and operation are transferred to the private partner ▪ packaging of the risk tends to promote completion of construction on schedule, as the operator will need to commence service delivery on time if their profit margins are to be maintained ▪ this method of procurement can be funded using public sector debt, which is cheaper than private sector finance ▪ greater flexibility than a PFI contract in relation to risk transfer and timescales to complete.	▪ risk that the consortia may not be made up of the best partners in relation to each element of the project (i.e. a strong consortium with a weak design team).

9.32 The procurement timescale for this approach is typically 18-24 months, although it has been completed by one council (Elmbridge Borough) in 15 months.

Local Asset Backed Vehicle (LABV)

9.33 A Local Asset Backed Vehicle ("LABV") is a mechanism for Public Sector organisations to use their land and buildings in a strategic way to deliver on a local agenda. Typical applications include city centre regeneration, enabling new areas for development, improving or rationalising operational property, rejuvenating investment property, or investment in housing.

9.34 The principle behind a LABV is that a new company will be created; the public sector will invest in the new company by transferring land and property assets. A private sector partner will be appointed (via a competition) who will invest cash in the new company to match the public sector investment.

9.35 The LABV itself will then work to a delivery business plan using the cash and assets.
The LABV will be run as a commercial business and will provide a financial return to its investors – for both the public and private sector investors.

9.36 One example of a LABV is in Croydon, where the LABV, to be called the Croydon Council Urban Regeneration Vehicle, will initially develop four sites. They are: Taberner House, the council's headquarters; the council's offices in Fell Road; College Green, which includes college buildings as well as underground and multi-storey car parks; and the Tamworth annex in West Croydon, which is being used by a primary care trust. The LABV will sell off all the sites, except the new council offices (from which a rental stream will be generated), after development.

9.37 However, there are no LABV examples for leisure projects, meaning that it is difficult to be certain of the success or otherwise of applying the LABV model to leisure. It is clear, however, that the LABV's established to date have been done on the basis of generating additional financial returns on the initial investment, which is then shared between the public and private sectors – something which a leisure project does not deliver easily.

9.38 In this particular case, the projections for new the portfolio indicate a significant capital funding gap, meaning that it may be difficult to attract a suitable private partner for the LABV, given the lack of financial returns available. Indeed, to make the vehicle attractive, the Council would need to invest considerably more land / assets into the LABV, with the added complications of a larger deal.

9.39 In addition to the uncertain financial rationale, it is unclear how an LABV would bring in the specialist skills required to operate and maintain the leisure facilities, without this risk being shared / taken by the Council (as a partner in the LABV).

9.40 Therefore, whilst LABV's may become used in the future, the benefits of using this vehicle are considered unproven, compared, for example, to the integration / established bidder market / clear 4Ps sector guidance / risk transfer of a DBOM route.

Management Options

9.41 This sub-section sets out the different management options that are available to deliver the operational management of the facility portfolio.

9.42 The options considered in this sub-section are:

- In house management
- Trust management
- Private sector management
- Hybrid Trust management.

In-house Management

9.43 Under this approach (the current situation in Derby), some or all of the operational services would continue to be directly managed and operated by the Council, which employs all the staff, incurs all expenditure and retains all income from the facilities.

9.44 In house management allows the Council more direct control of ensuring objectives are fully met and that it has direct control in areas such as extent of usage, opening hours, pricing, programming, participation and concessions.

9.45 Where maintenance is a Council retained service, any future repair and maintenance would need to be covered by the Council's revenue budget. As a result, it will be taking the long-term risks associated with the design, construction and maintenance of these facilities. Another issue that arises with the in house approach is that the provider cannot usually anticipate and respond quickly to market trends or understand new concepts in the market in the same way as a national or international business specialising in such service delivery.

9.46 Table 9.6 overleaf illustrates which of the procurement options the in-house management approach fits with.

	Build contract	Design and Build contract	Design Build Finance Operate (DBFO)	Design Build Operate Maintain (DBOM)
In house management	✓	✓	×	×

Trust Management

9.47 There has, in the last few years, been a great deal of interest in organisations, which are set up on a not-for-profit basis. They are being used to deliver public services but are legally independent from the Government and usually not owned or controlled by private, external shareholders. As the name may suggest, the surpluses are reinvested in the organisation and should not be distributed to shareholders as dividends. Due to the non-profit motivation their purposes are usually service focussed and social or welfare orientated.

9.48 Types of not-for-profit vehicle:

- Companies limited by guarantee
- Limited companies
- Industrial and provident societies
- Charitable Incorporated Organisations
- Community interest companies.

9.49 There are some key features of a Trust which it is important to recognise, and these are summarised below:

- it is a 'not for profit' organisation – this means that profits cannot be distributed to shareholders but must be reinvested in the facilities or company. The organisation can however make surpluses as long as they are reinvested in the facilities or operations
- they currently have the benefit of fiscal savings, some on VAT and most on National Non-Domestic Rates (NNDR) savings
- they are usually charitable, which is important if the Trust intends to take full advantage of the financial savings otherwise they may not be able to claim full business rate (NNDR) relief, corporation tax savings or VAT exemptions.

9.50 Trusts have become very popular for the public sector seeking to achieve the VAT and NNDR savings but usually where significant capital investment is not a key requirement. The ability for Trusts to generate significant capital funding, without a track record, is not yet established and therefore capital funding from local authorities is required.

9.51 The use of a Trust, whether an existing Trust or a newly created Trust may not transfer the operating risk from the Council, as where they run into trouble, it is normally the Council that has to step in and finance the Trust, although this is less likely with large existing trusts (e.g. Greenwich Leisure Ltd). However, the Trust will provide a community focus, and can be structured so that all its members are

its owners. This can lead to difficulties in the decision making processes and again may not see the opportunities for income generation or optimising expenditure in the way the private sector can.

9.52 The table below illustrates which of the procurement options that the trust management approach fits with. However, it should be noted that the DBOM route is relatively new to trusts, with few successful examples currently in the market as DBOM contracts have traditionally been delivered by private sector companies using their hybrid trust vehicles, rather than by charitable trusts.

	Build contract	Design and Build contract	Design Build Finance Operate (DBFO)	Design Build Operate Maintain (DBOM)
Trust management	✓	✓	×	✓

9.53 In recent contracts, some of the private sector operators have been offering charitable trust options, which allows them to benefit from similar tax advantages to the 'traditional' trust model.

Private Sector Management

9.54 A partnership with the private sector could be created by transfer of the management of facilities to a private company for a specified period of time, with or without an agreed refurbishment and development programme, and incorporating a fixed or performance linked management fee. In short, a private company operating in partnership with the Council under the terms of whatever operational agreements are put in place.

9.55 Contracting services to the private sector means that control is through the contract rather than through direct control of services. The Council defines the scope of the project and services needed but the employment of the staff, some pricing and programming etc will be for the private sector to manage.

9.56 The focus on the achievement of performance standards under the contract and the profit motive, provide real incentives for the private sector to operate facilities on a commercial footing, but allow the Council to benefit from the lower costs of operation and the transfer of operating risk to the private partner.

9.57 All the procurement options allow for the private sector to operate the facilities, as shown below.

	Build contract	Design and Build contract	Design Build Finance Operate (DBFO)	Design Build Operate Maintain (DBOM)
Private sector management	✓	✓	✓	✓

Hybrid Trust Management

9.58 The Hybrid Trust is a legal vehicle that has charitable objectives and is operated by a private company. It is normally used by the private sector in a range of Public Private Partnership contracts (which have already been described in this paper), including Design, Build, Operate and Maintain Contracts.

9.59 It is possible that the Council could enter into a DBFO, DBOM or management arrangement where the private sector company contracts with the public sector to provide services and then, with the agreement of the Council, subcontracts some of the management of the facilities and/ or services to their Trust. Under such circumstances, the Council could benefit from revenue savings through discretionary NNDR relief whilst the operator would also have the capacity to borrow monies to fund investment (should it be required) which would be more difficult for a charitable trust.

9.60 The hybrid structure gains some of the key benefits associated with these type of contracts, most significantly, the Council is very likely to benefit from significant savings (up to 75%) on current NNDR costs.

9.61 Currently, the hybrid structure would not benefit from the potential savings generated by the different treatment of VAT within a Trust management structure due to the fact that the commercial Trust is not VAT exempt as it is not viewed as a registered charity. However, the hybrid trust can be used with all procurement options.

	Build contract	Design and Build contract	Design Build Finance Operate (DBFO)	Design Build Operate Maintain (DBOM)
Hybrid trust	✓	✓	✓	✓

VAT overview

9.62 This sub-section provides an overview of the VAT issues associated with the various management options, namely:

- In house management
- Trust management
- Private Sector management
- Hybrid Trust management.

In house management

9.63 Currently the Council is likely to have exempt income from its services, including its leisure centres and it is anticipated that this will fall under the 5% de minimis limit and therefore the recovery of VAT payable by the Council on the exempt services will continue.

9.64 However, the construction of the new facilities could cause a significant VAT problem for the Council as the cost is likely to increase the total exempt VAT of the Council, which may exceed the 5% limit. If this is the case, the percentage of the exempt income on operations would be applied to the VAT on the building contract and would need to be added to the Council's other exempt VAT in the relevant

year. This could be too much for the Council to keep within its 5% deminimis limit and the Council will be faced with losing all its current VAT exempt benefit.

9.65 This may be mitigated by spreading the capital costs over more than one financial year or breaking the conditions for long series of lets so that these become taxable, carrying out swimming classes and other educational events through self employed tutors (so that it is not the Council providing the education but the tutors themselves) and opting to tax the leisure centre so that there are no exempt property transactions made in relation to it. However all of this increases the complexity and risks to the project.

Trust management

9.66 A Charitable Trust will normally be able to satisfy the conditions for VAT exemption of all its sports services. This will provide a cash benefit in terms of the VAT charged to users not having to be passed over to Customs.

9.67 However, this VAT exemption will have an impact on the Trusts ability to recover VAT on its costs which should not cause a problem on day-to-day running costs but may have major implications for the Trust where they carry out capital works to the facilities. They will in effect, not be able to recover the VAT on a significant element of the building costs and the cost of this non-recoverable VAT will be passed back to the Council, through the management fee.

Private Sector management

9.68 Unlike the other options, this type of arrangement places the commercial risk onto the Contractor. The only transaction, which will occur for the Council is the transfer by lease of the facilities needed for the construction of a new centre. This could be by a pure peppercorn arrangement or through an "Opt to Tax" lease.

9.69 Once the land has been transferred to the Contractor, it will become responsible for building the new leisure centre (depending on procurement route) and retain ownership of it during the 25-30 years of the arrangement. The VAT on the unitary charge payable by the Council will be recoverable as outlined in this paper.

9.70 The Contractor will be responsible for making supplies to the public of services and as a commercial Contractor it will make mainly taxable supplies, exempt income being confined to long series of lets to clubs or associations and hire of rooms.

9.71 As it takes the commercial risk in relation to this operation, any payments made by the Council relating to an activity of the Council (e.g. for school swimming lessons) it can recover the VAT. However, where the charge relates to an activity paid on behalf of a third party, any VAT charged will not be recoverable as in effect this is a service provided to individuals and not the Council.

Hybrid Trust Management

9.72 The conditions to treat the income received by the Hybrid Trust as VAT exempt are unlikely to be met especially where the Parent Company of the Hybrid Trust is charging a management fee or other supplies down to the Trust. This will be viewed by Customs as placing a “commercial influence” into the arrangement and as a result, the VAT liability of services provided to the public by the Commercial Trust will be mostly standard rated, apart from any long series of lets to clubs and associations or room hire.

9.73 As the Hybrid Trust will have near fully taxable status, this will provide entitlement to most of the total VAT paid on operating costs etc to be recovered. Therefore if the commercial operator or Trust has

responsibility for incurring capital costs in relation to the leisure centres, a high percentage of the VAT on the capital costs will be recoverable.

9.74 However, if any capital costs incurred by the Contractor provide the Council with a new or upgraded facility, though the transfer of the facilities back to the Council (but not at the expiry of the Contract), there will have been deemed to have been a supply of construction services to the Council on which VAT is chargeable.

9.75 The VAT chargeable on the construction services will count against the Council's deminimis limit if no option to tax is in place and therefore an exempt lease has been granted by the Council. The Council may avoid this if it opts to tax leisure centres or the lease is treated as a non-business supply through a true peppercorn lease.

Summary

9.76 The procurement and delivery options associated with new facilities are complex and all have advantages and disadvantages. If not managed carefully, they could result in the Council incurring substantial financial risks, in terms of design, construction and operation of the facilities.

9.77 Under normal circumstances, the market will expect the Council to have at least obtained outline planning permission prior to entering into a detailed procurement process. The normal approach to this is to work up the outline planning application concurrent with the drafting of procurement documents and Pre-qualification stage of procurement, thus minimising additional time delays and ensuring outline planning permission is in place prior to releasing detailed procurement documents to the market.

9.78 Table 9.6 outlines some of the key issues and dependencies between the various procurement and management routes, with explanations of each element provided following the table.

Table 9.6 Comparison of options

		Build	D&B	DBFO	PFI Contract	DBOM
1.	Operator					
	In House Operator	✓	✓	×	×	×
	Trust Operator	✓	✓	×	×	×
	Private Operator	✓	✓	✓	✓	✓
	Hybrid Trust	✓	✓	✓	✓	✓
2.	Procurement Timescale*	18 months	18 months	18-24 months	24-30 months	18-24 months#
3.	Impact on Council VAT Position	**High**	**High**	**Low**	**Low**	**Low**
4.	Risk Transfer					
	Design	×	✓	✓	✓	✓
	Construction	Partial	✓	✓	✓	✓
	Finance	×	×	✓	✓	×
	Operations	×	×	✓	✓	✓
5.	Prudential Borrowing / capital receipts use	Yes	Yes	Possible	Possible	Yes
6.	Input into Design	Direct	Specification	Specification	Specification	Specification
7.	Integrated Solution (VFM)	No	Partial	Full	Full	Full

- The timescales shown indicate the time from OJEU advert to Financial Close of the contract. In addition to this, a period of approximately 4-6 months will be required pre-OJEU to draft relevant documentation, start outline planning application if judged appropriate, and gain necessary Council approvals etc. # (15 months in one recent example).

9.79 An explanation of each element of the table is as follows:

- Section 1 of the table identifies which management options are compatible with which procurement route

- Section 2 outlines the timescales for the procurement options, the following should be noted.

  - the quickest procurement timescale is approximately 18 months , with an 18-20 month build period following completion of procurement. However there are more risks associated with some of the procurement timescales than others, and these need to be taken into account

  - it is important to consider that any procurement route needs to factor in elapsed time for preparations for procurement before release of the OJEU advert. This work includes the tendering for specialist advisors (according to route chosen), preparation of the specification, preparation of other procurement documents and agreement of all internal project delivery arrangements. It could also include the

start of outline planning application. In practise this can take from 4 to 6 months from authority to proceed to launching the procurement process

- assuming a procurement process commencement in January 2010, this would mean completion of procurement in approx July 2011 (based on an 18 month assumption), with opening of the new facilities in approximately January to March 2013.

- further consideration of the planning process is required, given potential objections from the Highways Agency and the need to coordinate the masterplanning of the various sites – this could easily add 12 months to the timetable, as the detailed procurement process would not normally be commenced until the Council has at least outline planning permission in place.

- Section 3 of the table highlights the indicative VAT impact of the options on the Council
- Section 4 highlights the risk transfer opportunities from each of the options
- Section 5 notes whether it is possible for the Council to use prudential borrowing / their own resources to fund the project. In terms of a PFI contract, investment by the Council could not exceed 10% of the total cost
- Section 6 highlights how the Council would control the design of the centres – either via direct discussion and influence or via a detailed specification for the facilities
- Section 7 identifies whether the option can offer an integrated solution and thus maximise value for money to the Council.

Recommendations

9.80 The preceding paragraphs set out a comparison of the procurement options, and the key issues to be considered in relation to each. The preferred procurement route, based on this analysis, is a design and build approach. The Council have yet to decide on a future management arrangement and therefore options tied to specific management vehicles (such as DBFO or DBOM) are precluded. Design & Build therefore offers the greatest level of risk transfer and cost certainty, whilst maintaining management flexibility.

9.81 As noted earlier, it is recommended that the Council undertake a separate management options appraisal to confirm future delivery vehicles, following which a choice of procurement route can be confirmed.

10. Conclusions and way forward

10

10.1 This report has outlined the opportunities and implications for Derby City Council in providing a new leisure facility portfolio for the city. This is intended to inform and support the Council to make decisions in relation to the future of its facility stock to ensure that it maximises its resources and assets to meet the future need and aspirations of the community and to fulfil its ambition 'to be England's most active City'.

10.2 The overall conclusions of the report are that:

- the Council's current leisure assets are well used and provide an important community service, however, many have reached the end of their economic life and are no longer fit for purpose
- for all sites, staffing costs are high, subsidy per visit is high and percentage cost recovery is low – an indication of the state of the current assets
- the Council's facilities have suffered from years of under investment, deterioration is accelerating and the risk of partial or full closure is increasing
- there is an identified need for significant capital investment simply to 'stand still', in the region of £18m
- there is an overwhelming need to address the Council's deteriorating facility stock and the situation is now so serious that it cannot be resolved by merely increasing spend but that more radical solutions are required
- the city provides 'traditional' facilities that no longer meet modern day requirements and there is a lack of regionally significant facilities
- the current situation has led to a significant decline in the satisfaction with sport and leisure facilities of more than 20% from 2006 to 2008
- 'to do nothing' is therefore not an option.

10.3 There is a demonstrable need for improved facility provision across the city set in the context of national, regional and countywide agendas, in particular to increase physical activity levels and reduce health inequalities.

10.4 The 2012 Olympics and Paralympics also present a unique opportunity for sport. The opportunity has arisen for Derby to provide new regionally significant facilities that could create an Olympic legacy for the city. If Derby does not act quickly, however, the chance may be lost other cities within the region.

10.5 Ideally these facilities would be in place in time for the end of the Games in order to capitalise on the interest in sport that is generated through such a spectacle.

10.6 The London 2012 Games is likely to set a precedence for sports facilities across the country. People are likely to compare their local facilities with those of London and if these are of poor quality (as they are in Derby currently) then the question is likely to be asked as to why. Now is the time to show local communities and other cities across the Country what Derby is striving to achieve, now is the time to act and ultimately 'put Derby on the map'.

10.7 The main opportunities identified for new/refurbished facilities can be summarised as:

- 50m pool – new
- Network of smaller pools to replace ageing stock – new & refurbished
- Large sports hall (10-12 courts) – retention of or replacement of Moorways
- Network of smaller sports halls to replace ageing stock – new & refurbished (via BSF)
- Health & fitness provision – increase in size of public sector provision
- Velodrome - new
- Closed road cycling circuit – new
- Athletics track and associated facilities - retention of (and upgrade) or replacement of Moorways.

10.8 In addition to the above, we would recommend that any facilities that exist within current facilities (eg squash courts, aerobics studios etc) are refurbished or replaced in any new facility. Also, given the councils ambition to improve health and wellbeing, the opportunity to co-locate health and education services with any new facilities or refurbishments should be explored to provide the customer with a more integrated offer.

10.9 Within this context, the report has set out a framework for future facilities based on a hierarchy of provision.

10.10 The priority for the city should be development of an indoor and outdoor hub in the first instance. The hub facilities form the core of the project and once completed should be supported by developments/ enhancements at satellite facilities. It is therefore recommend that a phased approach to development of the above infrastructure is adopted, with an element of flexibility to respond to changing and emerging opportunities.

10.11 The facilities required to meet demand and fit the framework have been costed at c.£48-52m, with a revenue position in a mature year of operation of c.£1.5m pa subsidy requirement (including lifecycle costs). This represents a net saving in the range of £300-800k pa, compared to current expenditure and depending on the treatment of lifecycle costs. In broad terms, this reduction in revenue cost is sufficient to facilitate Prudential Borrowing of between £4.5m and £11m of capital.

10.12 Other potential capital funding sources include Sport England, EMDA, NGBs, naming rights, sec 106 contributions and potentially the University. Assuming the Council can generate a level of Prudential Borrowing through revenue savings, and an additional £5-10m from a combination of the other identified funding pots, the funding shortfall is in the region of £30-£40m.

10.13 Given that the Council would have to spend c£18m simply for basic refurbishment of existing facilities and c£37m for the remodelling and adaptation option then the cost to the Council of c£30-40m to provide new and refurbished facilities is deemed to be good value for money. Indeed, considering that the £18m basic refurbishment is effectively the ‘do nothing’ cost, then the additional £15-20m for long-term high quality facility provision appears to be a worthwhile investment.

Next steps

10.14 In order to move the project forward and keep momentum, it is recommended that the Council progresses a number of workstreams in parallel, including:

- Detailed site options appraisal for hub and satellite level facilities
- Management options study
- Confirming funding availability through further discussions with Council Members and identified partners
- Progression of detailed design and procurement, specifically including outline planning permission.

10.15 By progressing the workstreams in parallel, the Council can retain some flexibility around the facilities mix to ensure that the whole scheme is matched to funding provision. (Either in terms of a reduction in specification or indeed provision of some 'desirable' elements, should additional funding become available).

Further information

10.16 Further information on the contents of this report can be obtained from Andy Farr, pmpgenesis, on 0161 660 4618.