

Information about the business case for Exeter's new leisure complex

This factsheet is intended to provide high level information concerning the business case for the Exeter Active Leisure Centre Project.

Why do we need a new leisure complex?

Having opened in the 1940s, Exeter's Pyramids pool has reached the end of its lifetime. It has become very costly to run and needs substantial multi-million pound investment just to consolidate its continued operation before any improvements can be made to enhance the user experience. The physical constraints of the Pyramids building and site mean there is no scope for extension to offer more facilities.

What is the project cost summary?

The council has a total budget of £26 million for the leisure complex. This figure covers all building work costs, including statutory and professional fees, costs associated with the acquisition of the site and the cost of procuring a leisure operator. We are unable to release specific figures at the present time, as they are commercially sensitive and may prejudice the tendering process.

How does this cost compare to other leisure centres of the same standard?

Sport England have confirmed that the base building cost for the leisure complex compares favourably to similar facilities across the UK. The cost equates to £3,333/m², which is in keeping with the Royal Institute of Chartered Surveyors BCIS (Building Cost Information Service) rates of between £2,750/m² to £3,350/m² for other leisure schemes which reflects the high quality construction required for passivhaus and the city centre location.

As the design progresses through the 'detailed design' and 'technical design' stages, the Quantity Surveyor will continue to work closely with the design team to manage and control successful delivery within the project budget.

What is the phasing of this expenditure over the development period?

Year	Amount
2014-15	£ 321,281
2015-16	£ 1,695,992
2016-17	£ 3,178,303
2017-18	£15,939,317
2018-19	£ 1,472,259
2019-20	£ 592,779

What is the estimated revenue income for the council?

The leisure complex is expected to deliver a trading surplus in every year of its operational life, with a share being returned to the council through a profit share agreement with the leisure operator. We expect overall income (not just expected revenue) after the first full year of trading to be somewhere in the region of £1.7m to £2m.

More detailed information on revenue will not be released until a leisure operator has been procured. To release the information before the tendering process would impact on the council's commercial interests. However, in the long term the development will pay for itself and offer a long-term source of income to the council. This income will be re-invested in facilities and services around the city.

How is the development being funded?

The funding is being sourced from money received via the New Homes Bonus and Community Infrastructure levy. The council has passed a resolution that the underlying need to borrow will not increase as a result of the leisure complex. Therefore long term borrowing costs will not be incurred.

What assumptions have been made when costing the project?

- Costs current at 3Q 2015.
- Anticipated form of contract is JCT.
- Anticipated procurement route is Design & Build, with design up to RIBA Stage E / New Plan 5.
- Start on site date 1Q 2017.
- All works to be in normal working hours other than those specifically mentioned.
- Total vacant possession at start on site.
- Any excavated material which will need to be removed will be categorised as 'inert' beyond allowance.
- Ground conditions will be suitable with no significant cut and fill exercise required beyond allowance.
- The services to the site do not require reinforcement.
- Demolition and asbestos removal from the bus station will be undertaken outside of this project.
- Building to be constructed to high quality due to city centre location.
- External works to consist of only those shown in the site area, no allowance beyond this.
- Costs arising from decontamination of site and removal and disposal of contaminated materials/debris beyond allowance.
- A dig and dump remediation method for oil, oil filters and brake fluids from vehicles and machines to site area only. The exact volume is unknown, the allowance includes for a disposal volume of approximately 4,000m³. The allowance could vary considerably based upon timeframe for remediation, depth and distribution of contamination, patterns of surface drainage, location of existing on-site services, depth of necessary foundations and below-ground services. (A contingency sum has been set aside to mitigate such eventualities)
- BREEAM Excellent energy criteria requirements only.
- The commercial retail space will be constructed outside of this project.
- Costs for all surveys required have been included within the Design Team Fee.

Have you undertaken a risk assessment in relation to funding?

In respect of the risk assessment, the council has already set aside £7.9m from New Homes Bonus (with the remainder coming from CIL income). Short term borrowing to cover any timing differences will be undertaken (current cost 0.65% per annum, expected to rise to 1.75% by 2018). Provision for the repayment of debt is 2% for a

long term asset. The cashflow has been mapped to the timings of receipts and on current projections is not significantly different.

What is the life cycle costing?

At the initial feasibility and options evaluation stage of the project, full 25 year life cycle costing models were developed to consider ongoing running and maintenance costs of the facility. This exercise identified that the selected use of Passivhaus as a build standard would reduce energy consumption by circa 70% per annum. In addition the forecast total spend on plant repair / replacement would be reduced over the 25 year period due to the specification of higher quality products and the improved internal environment reducing normal deterioration and repair requirements.

How will you mitigate against future climate changes?

Exeter University as appointed Climate Change Consultants for the development have assisted the design team in ensuring that the new facility is specifically designed to mitigate future climate changes in the Region up to 2080. This work has influenced the design and specification of the building ensuring it does not overheat in future years, that surface water drainage from the building can drain sufficiently even in peak flash flood conditions and there is sufficient solar shading. The retrofit of climate mitigation measures can be substantial, for a conventional built building (not Passivhaus), research undertaken by the Technology Strategy Board on similar projects shows these costs could easily exceed £750,000 over the first 50 year lifetime of the building.

What procurement process have you gone through?

To date, the procurement and appointment of the Professional Team has been competitively tendered via full OJEU compliant procurement procedures. The appointment of the main building contractor will be competitive, in a manner fully compliant with the 2015 Public Contracts Regulations.

Where can I find more information about the leisure complex?

Visit <http://www.exeteractive.com/>.