



REPORT TO:	FULL COUNCIL
DATE:	29th March 2022
SUBJECT:	Boston Leisure project – Full Business Case for Towns Fund
PURPOSE:	<p>To consider a report which provides detail on the proposals and the Full Business Case (Draft at Appendix A), and subject to any amendments, that the business case be submitted to the Department for Levelling Up, Housing and Communities (DLUHC), following approval by the Boston Town Deal Board. The Business Case being approved by DLUHC is a gateway to the Council being able to draw down project funding awarded in the offer Heads of Terms from HM Government, following approval of the Town Investment Plans in March 2021.</p> <p>To provide an update on the project, in collaboration with Boston College - both elements being brought forward in connection with the Boston Town Deal and the Town Investment Plan.</p>
KEY DECISION:	YES
PORTFOLIO HOLDER:	Cllrs Welton & Abbott
REPORT AUTHOR:	Mike Gildersleeves
WARD(S) AFFECTED:	Skirbeck - but relevant to all Wards due to facility usage
EXEMPT REPORT?	No

SUMMARY

These proposals form part of the Heads of Terms for a Boston Town Deal which were confirmed in March 2021 for £21.9m and subsequently seven projects were confirmed with the Department for Levelling Up, Housing and Communities (DLUHC), including improved Leisure facilities for Boston. The Leisure project has been allocated £2,425,092 of Towns Fund monies, pending Full Business Case approval due to be submitted in March 2022.

The Boston Leisure project proposes to transform the existing Geoff Moulder Leisure Centre site, through significant remodelling and refurbishment. The central aim is to provide improved and remodelled facilities to support the wider area's health and wellbeing.

The Boston Leisure project is proposed to be brought forward in collaboration with the Mayflower (Boston College) which is the flagship Towns Fund project. The proposed location of the Mayflower centre is adjacent to the Leisure Centre and is providing a distinct opportunity to enable the wider regeneration of both sites including Rowley Road and the areas adjacent to

the Maud Foster Drain. This combined project would aim to a single site/campus/village - with the potential to address Boston's health, education, leisure and well-being needs, as well as meeting the requirements of the Towns Fund for the regeneration of place and providing improved facilities for residents both in the immediate area and wider Borough. Both the Council and Boston College have vested interests owing to existing land holdings, but also an established operational relationship between the two sites.

This report is a follow on from the report presented to Cabinet in January 2022 (Boston leisure project: Towns Fund - Mayflower and Leisure campus).

The five case business case is based on the Towns Fund Delivery Partner Stage 2 template and is comprised of the Strategic Case, Economic Case, Financial Case, Commercial Case and Management Case. The business case sets out the required information to enable DLUHC to approve the funding allocated to this project. Following approval of the Council

Once approved the Council will be able to draw down the funding required within the overall timeframe of the Towns Fund deal. It is important to note that the business case document is not a delivery plan at this stage. There will be further development of the business case and other project milestones before the Council commits to the building contract. These future milestones will enable the Council to further review the overall development costs, in use revenue costs, and operating model for example.

The Business case should be read in conjunction with the following documents to provide the overriding context for investment into the project and delivery of the stated objectives:

- Boston Town Deal Investment Plan (TIP);
- Government approved Towns Fund project variation.

RECOMMENDATIONS

1. That Members consider this detailed report and support the proposals, noting that the business case (Appendix A) will be considered by Cabinet on 30th March 2022 in advance of formal submission to Government.
2. That Members support the project, note the requirement to provide funding for it, and in principle supports future revisions to the capital programme and Treasury Management Strategy/Prudential Indicators that will be required to finance the project and to enable delivery when the costings and funding package have been finalised.
3. That Members support the principle of the additional works at the site - beyond the scope of the Town Deal, support the intention to review the potential of this opportunity for community and health uses – phase 2, and bring forward costed proposals and business case to support additional funding and investment for those works.

REASONS FOR RECOMMENDATIONS

To enable the Councils to progress the project to the delivery stage and draw down the allocated project funding.

OTHER OPTIONS CONSIDERED

Do nothing. This option would require the project to be withdrawn from the Towns Fund programme and seek DLUHC approval to reallocate the funding to another project within the Town Investment Plan for Boston, or lose the opportunity of the funding. Given the messaging from DLHUC recently regarding project variations and the need for the Business Cases to be completed promptly, there is a significant risk that the funding could be lost.

The allocated match funding would also be removed from the Council's capital programme.

This option is not recommended as the project has significant benefits for the residents of the Borough, and is part of a wider regenerative opportunity including the flagship Mayflower project. Considering both projects together has the potential to deliver much greater benefit. The scheme is considered to be deliverable subject to the identification of funding and as set out in the business case, offers value for money and will provide the catalyst for the rejuvenation and reinvigoration of an important asset for the town. The proposals contribute to a number of areas where the town scores lowly (including health and well-being indicators) and encouraging footfall to the town. Doing nothing would lose this opportunity as the Council would be unlikely to be able to fund and support such a project were it not for the Towns Fund. This option would also erode the partnership with Boston College and undermine the Councils reputation.

Doing nothing over the medium to long term will also reinforce a sense of decline in the local community. The visual amenity of the local built environment will remain low and deter the ability of local partners and businesses to attract repeat visits to the local area. It will represent a failure to deliver the opportunities for our local communities included within the Boston Town Investment Plan and Heads of Term offer from HM Government.

1. BACKGROUND

- 1.1.** Heads of Terms for a Boston Town Deal were confirmed in March 2021 for £21.9m and subsequently seven projects were confirmed with the Department for Levelling Up, Housing and Communities (DLUHC), including improved Leisure facilities for Boston. The Leisure project has been allocated £2,425,092 of Towns Fund monies, pending Full Business Case approval due to be submitted by the end of March 2022.
- 1.2.** This report is a follow on from the report presented to Cabinet in January 2022 (Boston leisure project: Towns Fund - Mayflower and Leisure campus). Within that report a number of recommendations were made and agreed, including agreement to the principle of the project, and that the proposals be worked up in more detail and that the Full Business Case be developed in readiness for submission. The decision for this was taken as a Leader's

decision on the 25th January 2022 and can be seen here: <https://www.mybostonuk.com/wp-content/uploads/2022/01/Decision-Notices-25-January-22.pdf>

- 1.3.** The proposals for Boston Leisure (working title) seek to refurbish and remodel the Geoff Moulder Leisure Centre, provide an opportunity to improve this much loved and well-used facility, whilst modernising it, improving operational efficiency and providing opportunities to improve its long term sustainability. The aim is for this facility to be open in September 2024, with first full year of operation being 2025/26.
- 1.4.** A significant amount of work has been undertaken in a short space of time to develop the proposals for the GMLC. The proposals seek to raise aspiration, generate interest and provide a multifunctional space which can be accessible for a variety of users from all areas of the community. The buildings themselves will provide a unique blend of improved leisure facilities; and flexible areas which can be used to collaborate with other partners such as health and commercial providers. Collectively they offer the potential to derive significant positive outcomes for people in education/attainment, health and well-being, and skills. In summary the core improvements to the centre include:
- Increased gym enabling 90% increase in fitness space and two studios (100% increase)
 - A new wet ‘changing village’ directly accessed from the main entrance foyer, which serves both the leisure pool and training pool.
 - The changing village will provide a more gender-neutral changing facility, including single, double, family and disabled changing cubicles. The training pool, primarily used by schools and swimming clubs has simpler group changing facilities with adjoining access to the changing village.
 - Direct views of the leisure pool on entering the building reinforcing the sense of arrival and one of the core activities in the leisure centre.
 - There will be a single main entrance and reception / concierge for staff to greet the public and manage access to both pool facilities and the gym.
- 1.5.** Through collaboration with Boston College’s Mayflower project, there is the opportunity to create a single space comprised of a campus/village, which brings together health/well-being, leisure and recreation with education, which places a new public space at its heart.

This has the following benefits:

- Creation of a ‘landmark’ destination, in relatively close proximity to the Town Centre and accessible to a wider number of people by sustainable means including on foot.
- Maximising the synergies between the existing and future educational and leisure offer
- Increased footfall, and improved ‘dwell time’ - potential to improve safety and security
- Improved sense of place and visual improvement to public and private spaces
- Raised profile - better integration with surrounding environment.

- 1.6. Bringing these two projects together (leisure and Mayflower) maximizes the opportunity, and creates the collective ambition to deliver on the Towns Fund vision, and its sub-aims of:
- An entrepreneurial community
 - A connected community
 - A health community
 - An inclusive community
 - An aspirational community

The core aim is provide improved access to unique leisure and learning facilities with innovative and welcoming places where positive change can be derived and aspirations raised. Thus bringing this together as a single project has potential for significant improvement for the existing community in the immediate area, and those of the wider Borough and surrounding areas, in particular those who are or will be users of the facilities.

2. REPORT

- 2.1. The proposals are at an advanced concept stage (RIBA Stage 2), sufficient to enable the Business Case to be prepared and submitted to the Boston Town Deal Board, and DLUHC. Members should note that the full financial implications will need to be approved by Full Council, and fully incorporated into the Council's Capital Programme once those details have been finalised and all funding options considered for any additional budget requirement considered.
- 2.2. Support from this project in principle has been secured by the earlier decision taken in January 2022. In addition, that decision also secured delegations sufficient to enable the proposals to be worked up to a planning application and to enable the business case to be developed; utilisation of resources to appoint internal or external capacity to form a project team; and to look to obtain appraisal of the future funding streams and potential delivery partners. These decisions have enabled us to get to where we are now.
- 2.3. Members may also wish to note that the development of this project is an evolution of the scheme presented to them in 2020. Members will recall earlier debate regarding the relationship between GMLC, Boston College, the Mayflower project, and a replacement leisure provision on PE21. All of which were connected to the Towns Fund. In particular, at the Full Council meeting (26/10/20) useful statements and feedback was provided by Members, particularly around some key principles, these were:
- *Timing of delivery - The need to align design and construction of the replacement facility before disposal of GMLC, and the need to reassure the public of this;*
 - *Information - Members to be kept informed given the decision would be a matter that should be a decision of Full Council;*
 - *Consultation - The need to ensure appropriate consultation with Members and the public as the GMLC was a vital community service;*
 - *Design - Need for clarity on facilities to be included, particularly around the pool and training pool and where these would be;*

- *Value for Money - Need to consider the level of historic investment in refurbishing GMLC; The lack of clarity as to whether there was to be a new pool or whether it was planned to incorporate the existing pool within the proposed Mayflower Centre;*

- 2.4.** The project has evolved as a result of the points raised previously by Members, as well as discussions with Boston College, the Town Deal Board, and Government. It is no longer proposed to relocate this facility to PE21, and a project variation has been secured from Government. Members will note that the scheme now involves the remodelling and refurbishment of the existing GMLC facility with the retention of the existing pool provision. All other points relating to timing; delivery and consultation are at the forefront of the thinking for the project moving forward.
- 2.5.** There is a synergy between the Leisure project and the Mayflower project being put forward by Boston College. As set out above and within the Business Case, this creates the conditions for both proposals to come together as a single project, providing a transformational opportunity to achieve a number of key objectives as highlighted earlier. Members should note that at the Town Deal Board meeting on 23/2/22, the board agreed to support the direction of travel of these two projects, unanimously agreeing that the two schemes together have the potential to deliver significant transformational outcomes, as well as greater value for money. Similar views have also been expressed by the Government representatives we are working with on the Towns Fund.
- 2.6.** We now need to move forward, at pace. We need to submit the Full Business Case to enable the funding to be secured. This Full Business Case has been developed in conjunction with Max Associates, who have considerable experience in this field, particularly in relation to leisure projects. Successful submission and approval of the business case would enable us to move in to the delivery phase for the project, including developing out the concept to detailed design (RIBA Stage 4), and to construction stage. There would then be a period of formal procurement, prior to the construction phase (RIBA Stages 5 & 6). It is in these later phases that the detailed costs will be known and options for savings/value engineering identified. It is proposed that the Council be supported on this journey through the retention of a multi-disciplinary team we are already familiar with the project and are also collaborating with Boston College.
- 2.7.** There is a roadmap towards the next stage of development based on the established RIBA stages of project delivery, with a shared professional team (led by YMD Boon) who are working collaboratively on both the Boston Leisure and Mayflower proposals. The professional team being funded through the 5% initial funding provided through the Town Deal.
- 2.8.** The intention is that consultation and stakeholder engagement would take place in the coming months to refine the proposals, prior to the submission of a formal Planning Application which will take place in 2022. The ideal scenario would be for both the Leisure and Mayflower projects to be brought forward together given the emphasis of them acting as a single village/campus approach with shared public space between. Members will be aware of the Councils' statutory role in this as decision-maker as the Local Planning Authority, following a community consultation exercise as required under planning law.

2.9. The proposals being brought forward are considered to represent a deliverable scheme which would meet the Towns Fund objectives, and represents a business case for investment in the asset. The proposals would require investment by the Council, this is set out later in this report under the relevant section. In summary however there is a significant benefit from investing in this proposal now, in light of the additional funding available through the Towns Fund. Doing so provides the opportunity to ensure that this asset is a quality facility, and is sustainable in the medium term. This is in preference to other options such as a new build facility, which is not considered to be a deliverable option owing to the costs involved in such a scheme, set against a backdrop of uncertainty of leisure investment from the private sector.

2.10. Regarding funding and financial matters, detail is set out later in this report and also within the Business Case itself. In summary:

Table 1 – Boston Leisure project Towns Fund

A	Total cost of physical works – including demolition, new extension, refurbishment works to main pool and training pool, external works and shared space – inc piazza/plaza split 50:50 with Mayflower, and adjustment for Consequential Improvements	£6.13m
B	Fees/Surveys	£0.67m
C	Contingency @ 5%	£0.34m
D	Total cost	£7.14m
E	Towns Fund allocation	£2.42m
F	BBC funding – previously identified	£2.5m
G	Shortfall to be funded by BBC (D – (E+F))	£2.2m
H	VAT - It should be noted that the above does not include VAT @ 20%. Assuming no recoverable VAT this would increase the funding gap by £1.4m.	£1.4m
I	Additional contingency – Officers consider that it is prudent to account for further project contingency – providing allowances for construction cost increases, project consultancy and potential contribution towards fit-out/equipment. A 20% of overall physical construction cost is considered reasonable.	£0.21m
J	Total Capital Investment required (if H and I) cannot be mitigated (G+H+I)	£3.81m

As can be seen above gap that would require funding by the Council. Presently estimated at c£3.81m, however it is considered that this gap can be closed as the detailed designs are developed (RIBA Stage 2-4 development) and once clarity on the VAT position is available. There are options available to the Council on how this could be funded including, use of Reserves, Borrowing, securing additional funding (non-Towns Fund) or a combination of each. Officers consider that there is sufficient opportunity to consider the most appropriate

method of bridging this shortfall as the project develops. It must be remembered that this project would in part off-set necessary lifetime costs associated with maintenance (including addressing a backlog – c£2.5m), offer opportunities for additional revenue (income), address operational and energy efficiency and offer opportunities for other revenue savings and improve the overall net trading position of the facility.

2.11. In addition to the above, given the changes that would be made to the front of the building, a number of the facilities contained within the rear building (current gym) would be relocated. Thus this building would remain, but would be available to be repurposed. This does not strictly fall within the Towns Fund project (given the funding constraints) however, there is potential for this building to be refurbished and repurposed at the same time. This building is circa 20 years old. Within the proposals, this building would have the potential to form a more community focused facility, offering rooms which could be hired out – for example for physiotherapy and other consultancies, private classes and groups, parties etc. The Council is already aware of latent demand for such spaces. In addition, there is potential for the building to provide an opportunity for community out-reach health services. Health partners have indicated a desire to potentially locate some out-reach type facilities within the building, subject to space and rental costs being agreed.

2.12. It is therefore considered that undertaking the work to this building as part of the overall construction project would be sensible, as it would further open up opportunities for increased revenue generation, would make best use of an existing building, reduce future maintenance liabilities and would reduce running costs of this element. Again, these support the long-term sustainability of the asset, and would off-set necessary repairs & maintenance (R&M) works required which are currently unfunded. A high-level estimate of c£0.6m (based on £1000 m/sq for these works is believed reasonable, although there is a need for additional contingency and professional fees. A high-level estimation of the future revenue from this element being c£50-100k per annum. It is noted that some of these revenue streams could be via ‘anchor’ tenants such as health and thus provide more secure revenue which could be used to service any debts from borrowing. Broadly speaking there is considered to be a business case to support this investment, but further work is required to understand this. It is recommended that Members support the principle of the inclusion of this element in to the overall project works, subject to there being a sufficient business case to do so.

2.13. Based on the above, bringing together the capital investment at para 2.10 plus the works to the health suite:

Table 2 – Boston Leisure project Towns Fund & additional works to health suite

A	Total cost of physical works – including demolition, new extension, refurbishment works to main pool and training pool, external works and shared space – inc piazza/plaza split 50:50 with Mayflower, and adjustment for Consequential Improvements	£6.13m
B	Fees/Surveys	£0.67m
C	Contingency @ 5%	£0.34m

D	Total cost	£7.14m
E	Towns Fund allocation	£2.42m
F	BBC funding – previously identified	£2.5m
G	Shortfall to be funded by BBC (D – (E+F))	£2.2m
H	VAT - It should be noted that the above does not include VAT @ 20%. Assuming no recoverable VAT this would increase the funding gap by £1.4m.	£1.4m
I	Additional contingency – Officers consider that it is prudent to account for further project contingency – providing allowances for construction cost increases, project consultancy and potential contribution towards fit-out/equipment. A 20% of overall physical construction cost is considered reasonable.	£0.21m
J	Total Capital Investment required (if H and I) cannot be mitigated (G+H+I)	£3.81m
K	Cost of refurbishment works to existing health suite	£0.6m
L	Contingency and professional fees	£0.4m
M	Total Capital Investment required inclusive of health suite refurbishment, (if H and I) cannot be mitigated (J+K+L)	£4.81m

- 2.14.** Therefore the potential overall capital ask is likely to be in the region of £4.81m.
- 2.15.** As set out above, at this stage there are various options for bridging any funding requirements for the project. Also of consideration is the limited levels of previous investment into the facility, as evidenced by the backlog of Repairs & Maintenance (R&M), along with future requirements which are currently unfunded. There are also the Invest to Save opportunities that would be created through some of these works (for example measures to improve energy efficiency – noting that 10% of the overall project costs must go towards ‘improvements’ in this regard as required under Building Regulations) and changes to operational efficiency which would reduce overall running costs – such as reduction in staffing costs as a result of removal of duplication or simplified management. Finally, as set out in the Business Case, the project would provide opportunities for new and improved revenue streams - derived from the increased range of facilities and opportunities created by the project as a whole (such as increased usage and membership).
- 2.16.** The business case work has identified a number of KPIs where the existing GMLC is under performing, and where the Boston Leisure Project can seek to make improvements. These are set out in detail in the business case. Equally, this work has identified other potential opportunities to improve the revenue potential of the asset.
- 2.17.** Members will appreciate that it is not presently possible to accurately identify the full cost and revenue implications of the project at a granular level which will be available at RIBA stage 4, this is due to the present level of development of the overall scheme –currently RIBA Stage 2. The estimates and approach are considered to be reasonable and based upon a substantial understanding of the running of the existing facility, as well as the advice by relevant professionals who have experience in similar projects. However, these will be better

understood as the project develops, and where necessary funding opportunities identified or value engineering options considered. The important factor at this stage is to establish the broad scope of likely costs and revenue implications, to enable the business case to be submitted, and facilitate the detailed work as part of the delivery phase once the funding has been secured from Government.

- 2.18.** It is important to note that the business case document is not a delivery plan at this stage. There will be further development of the business case and other project milestones before the Council commits to the building contract. These future milestones will enable the Council to further review the overall development costs, funding streams, and operating model for example.
- 2.19.** The Council's constitution includes a provision under the Contract and Procurement Procedure Rules that the preferred mechanism for the Council's appointment of new contracts will be by way of either an existing corporate contract, or via a framework agreement. Where a suitable Corporate Contract or Framework Agreement exists, these must be used unless there is a good reason not to, and these reasons must be recorded. This allows for options of appointment to be explored.
- 2.20.** The project team has been appointed based on this procedure with a multi-disciplinary offer available. Currently this has taken us to RIBA Stage 2 (Concept) with some elements of further work to enable the Business Case which has been developed by Max Associates. To take the project forward, there is a need to commission a detailed design package (to RIBA Stage 4, pre-construction), with consideration of tenders/construction/and delivery. The project team appointed has provided costings for services to pursue the project to RIBA Stage 6 (Handover), thus overseeing the physical delivery with a Contractor to be appointed. These have all been commissioned via the ESPO Framework. It is likely that the remainder of the project works will be commissioned under the same framework where possible or a suitable alternative, noting that some direct awards may be required – for example specialist advice in connection with the pool equipment. In this respect, the Council has sought to use specialists who are also familiar with the facility and its equipment, for example the pool plant - to date the Council has sought to engage with those who are familiar with the existing systems. Such decisions are taken against the backdrop of the January 2022 Cabinet decision.
- 2.21.** It should also be remembered that by appointing a joint project team with Boston College, to date this has already enabled some efficiencies and cost savings through the avoidance of duplication - for example topographical surveys can be shared between both parties.
- 2.22.** Regarding the formal construction procurement, at present, there are different options available for this. These include use of a framework, or a formal tender exercise. There is also the potential for the project to be procured either jointly with the Boston College Mayflower project, or independently. Further advice on this will be taken from the project team as we move in to the detailed RIBA stages. Any procurement would seek to ensure that the project is brought forward within budget and within time, as well as seeking to secure value for money. There are considered to be advantages (and potential cost savings) through the joint procurement with Boston College – eg construction phasing – and thus, this option

should not be ruled out at this stage. Further, in this scenario, there would be greater potential for the Council to secure additional benefits such as local labour and sourcing requirements, as well as in-direct skills benefits, all of which would provide a level of further benefit beyond the overall Towns Fund objectives.

- 2.23.** In terms of delivery timescales, there are many variables at this time which cannot be accounted for, thus at this stage, the timescale is that the facility would be open by September 2024, however this is not fixed. However, it will be in accordance with Towns Fund spend requirements (2026) (deadline is when?), and Members will be updated regularly throughout the process. Furthermore, as set out in the business case, a risk register would be retained for the project, and this would be regularly reported to the Towns Fund board.
- 2.24.** This report seeks Members endorsement of the project, and the agreement to submit the Business Case to both the Towns Fund Board, and DLUHC. This, subject to agreement, would then enable the draw down of the identified funds from Government and in turn enable the project to proceed at pace to the delivery phase.

3. CONCLUSION

- 3.1.** The Business Case has been prepared in accordance with the guidance and requirements provided by DLUHC. It also follows the model adopted by other Boston Town Deal projects which have already been approved by Government.
- 3.2.** The assessment of economic benefits for this Towns Fund scheme has been undertaken in full compliance with the latest HM Treasury Green Book (2020) and relevant Departmental guidance, such as Ministry for Housing, Communities and Local Government (MHCLG). The Benefit Cost Ratio (BCR) scores highly and is “Good” when tested according to MHCLG Appraisal Guide.
- 3.3.** The proposals represent a tremendous opportunity to secure significant investment into and improvement of the GMLC facility, to benefit the health, well-being and leisure outcomes for the town. In combination with the Mayflower project, there is a real opportunity for transformational change which would address a number of social, environmental, and economic challenges. This in turn provides additional value for money and maintains a “Good” BCR score when the two projects are evaluated collectively.
- 3.4.** Additionally, the proposals present an opportunity for the Council to invest in the future of the GMLC, improving its sustainability as an asset both financially and operationally.
- 3.5.** Subject to all relevant authorities being granted the expectation is for the new facilities to be fully complete, open and operational by late 2024.
- 3.6.** When brought together with the Mayflower project, working in collaboration with Boston College, it is considered that there are further opportunities for efficiencies of delivery to be secured, as well as securing increased value for money and also much greater overall

positive changes to support the health, well-being, leisure and educational opportunities for our communities and the surrounding areas.

- 3.7.** Members are therefore asked to support the recommendations identified and support this project moving forward, subject to the successful approval of the Full Business Case by Government.

EXPECTED BENEFITS TO THE PARTNERSHIP

Demonstrates to Government the ability of the partner Councils to deliver on key priorities at a sub-regional level, enhancing the reputation of the Partner Councils for future funding opportunities.

IMPLICATIONS

SOUTH AND EAST LINCOLNSHIRE COUNCIL'S PARTNERSHIP

None arising out of this report, however in-directly this will link to the wider benefits of the Partnership by virtue of improving capacity to deliver, securing funding opportunities, and demonstrating to Government and our communities that there is a clear commitment to delivery of improvement and levelling-up which delivers beneficial outcomes.

CORPORATE PRIORITIES

This proposal would contribute to the following priorities of the Corporate Plan:

- Priority 1 - People Focused (Our Main Priority)
- Priority 2 - Future Prosperity, Regeneration and Inclusive Growth
- Priority 3 - Environmental Awareness and Accountability
- Priority 4 - Delivering high quality services and maximising use of technology to support residents

STAFFING

From 1st October 2021, capacity and resilience to implement all elements of the Towns Fund process has been strengthened following the establishment of the South and East Lincolnshire Council Partnership. There are six officer roles within the Economic Growth Team providing dedicated support for the development and delivery of the Towns Fund Coast Investment Plan offering a range of administrative, financial and project/contract management skills.

The Economic Growth Team will lead the commissioning of agreed work steps for Council-led schemes up to the completion of RIBA Stage 4.

From RIBA Stage 5 onwards, delivery and contract management responsibility will be led by the Programme Delivery Directorate. RIBA Stage 7 (building use, operation and management) will be subject to final confirmation and approval of the Council's ongoing operational model, post completion and handover from the main contractor for all or individual elements.

Additionally, the decision taken in January 2022, allows the Council to secure such internal and external support as may be necessary to enable the project to be taken forward through its key milestones.

CONSTITUTIONAL AND LEGAL IMPLICATIONS

None arising from this report

DATA PROTECTION

None

FINANCIAL

To be read in conjunction with details in the Business Case - Appendix A – Financial Case.

The main body of the report identifies that there is an additional funding requirement that will need to be identified when compared to the costs of the works involved. It also sets out the potential for further works (outside the Towns Fund project) which it is recommended should be brought forward at the same time – subject to their being sufficient justification/business case to support the additional investment. The main body of the report provides a high level analysis of the options available

In supplement to the position presented within the main body of the report, there is a wider financial context, and case to be considered by the Council.

Previous investment into the GMLC has been limited, whilst there have been elements of significant capital outlay during its lifetime (eg gym extension – c.20years ago), in recent years the level of investment in the premises has been low. As an example over the last 3 full years, c£190k has been spent on R&M for the leisure pool(s) - (c£63k average); and c£42k has been spent on R&M for the fitness suite (c£14k average). Max Associates have advised that these figures are considered to be incredibly low and continued at this level will have a long term negative impact, particularly given the overall age and size of the facility.

A 2018 Condition survey highlighted c£482k of works required to be undertaken within 5years (by 2023 c£1.8m of investment required to address routine R&M issues over the next 20 years. This in the current context is considered to be under-estimated, and the figure is most likely to be higher – c£2.5m. There is no current funding identified for this. This is a risk to the Council, and highlights that there is likely a future requirement for considerable capital spending in any event. The proposals present an opportunity to address this now.

The approach that has been taken is no longer sustainable for the longer term, particularly if the facility is intended to be one of the main focal points for leisure, recreation, health & well-being for the town.

The Council has adopted a Climate Change strategy which highlights the need to consider GMLC, particularly in relation to energy use. Again, there is no funding identified. This proposal would bring forward a minimum of 10% project costs associated to 'Consequential Improvement' under building regulations which would seek to secure improvements to building fabric to reduce energy consumption – for example roof insulation, windows, new lighting etc. This would contribute to the Councils Climate Change objectives and would likely result in revenue savings.

Furthermore, in terms of the overall running costs of the facility, this does currently run at a loss. Max Associates have highlighted a number of benchmarked KPIs (Table 4 of Business Case) where the facility is underperforming – including income for gym and swimming, salary costs, an expensive base cost and level of subsidy per visit. All of which could be improved through this proposal.

This is primarily due to operational costs associated with staffing and energy costs. These are influenced to a significant degree by the physical nature of the existing building – noting that the facility is essentially comprised of 3 separate buildings (training pool, leisure pool, and gym/health-suite). The current disjointed arrangement is operationally inefficient compared to modern facilities (for example multiple entrances which require management). Further, the energy costs are considerable due to leakage of the existing fabric and the need to retain optimum internal temperature/humidity. The proposed investment offers the opportunity to contribute significantly towards addressing both of these challenges and in turn reduce operational costs.

Additionally, the restricted approach to investment in to the facility has to a degree undermined the quality of the provision that is available. Whilst the GMLC is highly regarded by users and stakeholders; it does have deficiencies which limit its attractiveness to a wider audience and this in turn limits its revenue opportunities. For example the limited gym space restricts the potential number of users and associated memberships; and the changing facilities are also considered to be substandard by modern requirements. These factors are identified within the business case. Again, the proposals offer the opportunity to contribute positively towards addressing these challenges, and create potential for increased revenue opportunities. Examples of this are given in the business case.

Overall therefore it is considered that investment now, alongside the Town Deal opportunity, creates the conditions to address the financial sustainability of the facility and hopefully bridge the gap between current costs and revenues.

It is also worth noting that opportunities for a new leisure centre were explored – including on the existing area of GMLC and within PE21. However, due to the level of existing facilities which would need to be replicated (in particularly the pools), a new stand alone facility was not considered affordable – (c£22m estimated). Given the relative uncertainty of the leisure market (due to Covid 19), investment opportunities backed by the private sector are now limited, and there are many examples of Councils revisiting previous ‘commitments’ to provide new leisure centres – eg South Kesteven/West Lindsey. It is therefore considered that a new leisure facility is not a deliverable option. This therefore underpins the project variation which has been agreed with Government, and leads to the current refurbishment and remodeling option which is now the suggested way forward.

The Towns Fund presents an opportunity to leverage a combination of Government and Council funds to address the long-term suitability of the asset and ensure it is fit for purpose moving forward. This would in essence be considered as an Invest to Save opportunity. It is therefore considered that as a matter of general principle, Members are asked to support the capital investment required to deliver the project, with funding source to be defined. This would then fill the gap between the total project cost – and the currently identified funding (comprised of Towns Fund money and current Capital allocation).

In addition, as set out in the report, Members are asked to support the further capital injection in to the rear building (current health suite) in order for this to be transformed as an additional element of the project outside of the Towns Fund scope. The reasons being similar to those for the main project.

Failure to secure the necessary capital investment is a significant risk to the project, and would undermine the Councils ability to draw down the Towns Fund money from Government. This in turn would undermine the viability of the project and would also result in greater, detrimental impacts and risks.

RISK MANAGEMENT

A breakdown of the main issues and risks is provided within the Business Case (Appendix A). All projects are subject to risk management processes by the Towns Fund Board.

STAKEHOLDER / CONSULTATION / TIMESCALES

There is full awareness of the need to undertake both statutory and non-statutory stakeholder and community consultation on the project, not least leading in to and during the planning application process to ensure that the proposed scheme is fit for purpose in terms of the proposed mix of uses, and maximize opportunities to improve the sustainability of the facility.

A summary of the approach to engagement, and that undertaken to date is set out in the business case. In addition, the report to Cabinet in January 2022 established the principle of stakeholder engagement at the relevant time to gain feedback on the emerging plans. This would therefore take place once the business case has been submitted and prior to the formal submission of a planning application.

In addition, it should be noted that there would be statutory consultation undertaken as part of a planning application, including the ability for the community to provide comments, and amendments to the scheme to be made where necessary and appropriate.

In terms of timescales, following the submission of the Business Case, it is the intention to continue to work up the proposals to a point where they are sufficient for both consultation and a subsequent planning application. There will need to be a level of technical detail and studies completed which are not currently available. It is anticipated that an application would come forward promptly, likely to be within 2022.

Regarding delivery timescales, there are many variables at this time which cannot be accounted for, thus at this stage, the timescale is not fixed. Again, a high level approach has been set out in the business case. However, it will be in accordance with Towns Fund spend requirements, and Members will be updated regularly throughout the process.

REPUTATION

See Risk Management section in Business Case.

Successful progress and delivery of the project demonstrates to Government the ability of the partner Councils to deliver on key priorities at a sub-regional level, enhancing the reputation of the Partner Councils for future funding opportunities. Alternatively, the converse would be likely to undermine that reputation.

The project also has a synergy with Boston College's Mayflower scheme; as with Government above, the successful delivery of the project has the potential to underpin a long-term mutually supportive relationship between the Council and the College. Failure to deliver, would undermine that relationship and the reputation with this key partner, and may undermine wider relationships with other important strategic partners.

CONTRACTS

As set out earlier, to date, the project team has been procured by the ESPO Framework. Where additional support is required outside of this, appropriate procurement would take place as indicated by the report to Cabinet in January 2022.

A general approach to procurement has been set out in this report and within the business case. There are a number of unknowns at this stage, which means we are unable to define the precise procurement approach, however, this will be undertaken in accordance with the Councils procedure rules, with appropriate governance and project management in place.

Delivery of the project would be undertaken by the Councils Delivery Team, who would secure all necessary construction agreements, contracts and programmes. A construction stage delivery agreement will be required upon further authority being granted, once all necessary information is known.

The funding contract will be managed by the Council as the accountable body and this will be managed by the Towns Fund team, with regular progress reports available to Members and the Towns Deal board.

CRIME AND DISORDER

None specifically arising from this proposal, however, it is considered that the re-development of this area has the potential to in-directly improve any existing issues through the creation of a new, high quality, and active space.

EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING

None arising from this report, it is considered that the proposals for the leisure offer have the potential to modernise the facility and both directly and in-directly improve any existing issues.

HEALTH AND WELL BEING

To be read in conjunction with details in the Business Case - Appendix A

Boston's population has grown rapidly and local communities believe there is underinvestment in Boston as a place to support the level of inward migration and the impact on local services, as evidenced through the Town Deal consultation. In addition, the town is struggling with its health outcomes and is in the lowest third of all areas in England for this indicator (English Indices of Deprivation 2019). Other indicators include:

- The health of people in Boston is varied compared with the England average. About 15% (1,900) of children live in low income families. Life expectancy for men is lower than the England average.
- Life expectancy is 7.8 years lower for men and 3.2 years lower in the most deprived areas of Boston than in the least deprived.
- In year 6, 24.6% (178) of children are classified as obese, worse than the England average. The rate of alcohol specific hospital stays among those under 18 is 19. This represents 3 stays per year. Levels of teenage pregnancy, GCSE attainment, breastfeeding initiation and smoking are worse than the England average.
- Estimated levels of adult physical activity are worse than the England average and the rate of early deaths from cardiovascular diseases is worse than the England average.

Therefore, the proposals will seek to improve the facilities for a growing population and provide new, high quality, provision of leisure facilities designed to tackle and improve the health outcomes of Boston and the surrounding area.

There is the potential for the rear part of the existing facility (currently the gym) to be repurposed which in turn would provide a more community orientated space, which would allow private propositions such as physiotherapy, or treatments to come forward, alongside dedicated community space. Additionally, discussions with health colleagues are ongoing regarding the potential for the This would be an additional offer for the site, and thus contribute to meeting latent demand as well as providing further revenue opportunities.

Bringing this proposal together with the Mayflower proposition as part of a single campus/village allows the potential for significant transformational benefits, linking health, well-being, education, skills, leisure and recreation.

CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

To be read in conjunction with details in the Business Case - Appendix A

Opportunities to improve the facility, particularly in relation to energy costs and accessibility, also have the potential to contribute positively to addressing the identified challenges of Climate Change and contribute towards the Councils Climate Change Strategy actions.

As part of the detailed design work, given the scale of the project ‘consequential improvements’ will be required in line with Building Regulations. This requires a minimum of 10% of the overall budget for the building works to be spent on measures to improve the existing fabric – such as re-roofing. Given that this is a core aim of the project, it is considered that measures proposed (such as replacement windows) would contribute to this and thus, there will be cost benefit, as opposed to this being seen as an additional burden.

A base line assessment of embedded carbon and carbon emissions in use will be undertaken as part of RIBA stage 4 design development. This information will be used to optimise solutions for materials and equipment used in the construction of the facility to produce a building in line with the aim of the Councils Carbon Reduction strategy.

ACRONYMS

GMLC - Geoff Moulder Leisure Centre

TIP - Town Investment Plan

DLUHC - Department for Levelling Up, Housing and Communities

R&M – Repairs and Maintenance

APPENDICES

(If none then insert the word ‘None’ and delete the below text/boxes).

Appendices are listed below and attached to the back of the report: -

APPENDIX A

Full Business Case – draft – available electronically

BACKGROUND PAPERS

Background papers used in the production of this report are listed below: -

Document title	Where the document can be viewed
<i>Leaders decision notice – January 2022</i>	https://www.mybostonuk.com/wp-content/uploads/2022/01/Decision-Notices-25-January-22.pdf
<i>Boston Town Deal Investment Plan (TIP)</i>	https://www.mybostonuk.com/wp-content/uploads/2020/10/Boston-Town-Investment-Plan-October-2020.pdf
<i>Previous reports including Cabinet (9/9/20); a call-in report to Overview & Scrutiny - Corporate & Community Committee (1/10/20); Full Council (26/10/20); and Cabinet (5/11/20)</i>	<i>All available via the Councils website</i>

REPORT APPROVAL

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