



**Corporate Policy and
Resources**

**Thursday 16 December
2021**

Subject: Market Rasen Leisure Centre, Swimming Pool Business Case

Report by:

Assistant Director of Finance and Property
Services and Section 151 Officer

Contact Officer:

Tracey Bircumshaw
Assistant Director of Finance and Property
Services and Section 151 Officer

tracey.bircumshaw@west-lindsey.gov.uk

Purpose / Summary:

To present to members the high level business
case for a swimming pool at Market Rasen
Leisure Centre and to determine next steps.

RECOMMENDATION(S):

- 1. Members accept the content of the Business Case**
- 2. Members accept that at this time the construction of a Swimming Pool is unaffordable and financially unsustainable**
- 3. Members determine the next steps**

IMPLICATIONS

Legal: None from this report

Financial : FIN/148/22

The report presents a business case that is not financially viable.

Whilst the operational costs are estimated to achieve a profit of circa £30k per annum from year 3, this does not include the cost of borrowing.

As the Council has no reserves to support this investment and no grant funding has been identified, funding would be met from borrowing. The additional cost of borrowing could be between £350k and £500k and makes the business case unviable.

Additional costs of construction and borrowing would need to be understood if in line with our strategy we need to mitigate environmental impacts.

The full Financial Case is detailed at 2.4

Staffing : None from this report

Equality and Diversity including Human Rights :

None from this report

Data Protection Implications : None from this report

Climate Related Risks and Opportunities : There are considerable environmental impacts of swimming pools these are detailed at 2.6 within the report.

Section 17 Crime and Disorder Considerations : None from this report

Health Implications: There is a health and wellbeing benefit and a social value attributed to the benefits of swimming, as detailed at 2.1 in the report.

Title and Location of any Background Papers used in the preparation of this report:

Wherever possible please provide a hyperlink to the background paper/s
If a document is confidential and not for public viewing it should not be listed.

Risk Assessment :

Not applicable as the Business Case is not viable

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

No

1. **Executive Summary**

- 1.1 The Market Rasen Leisure Centre was opened to the public in July 2020 and provides a dry leisure facility.
- 1.2 A group of residents started a petition (link below) to ask for a swimming pool to be provided with the facility. When the initial planning and consultation work was ongoing, there was feedback from residents to suggest that a pool would be welcome, but the initial feasibility work suggested that interest wasn't high enough and that the cost would make the scheme unviable. The petition currently stands at 485 signatures and can be found at <https://www.change.org/p/west-lindsey-district-council-we-want-a-swimming-pool-in-market-rasen>
- 1.3 Both the Council and Market Rasen Town Council have undertaken to develop a review of the business case for a swimming pool prior to the next election (2023).
- 1.4 In addition the MP, Sir Edward Leigh in support of the scheme has been informed by the Council;
“we are also working with Market Rasen Town Council and supporting their three year vision for Market Rasen. As part of this, and taking into account the proposed growth in the town’s population, we have agreed to re-visit the business case for a pool towards the end of the three year period”. Extract from letter to Sir Edward Leigh
- 1.5 The business case for the leisure centre explored the use of the wider site (the site was large enough to fit the leisure centre and be left with space for future activity). One of the future activity considerations was ‘provision of a pool should it be viable’.
- 1.6 SLM Ltd (our Leisure Management Company) have supported us in developing this business case.

2. **The Business Case**

2.1 **Benefits of swimming to support health and wellbeing (Social Value)**

Swim England identify swimming as a key sport for improving fitness, health and wellbeing. Swimming uses all the muscles in the body and exercising in water makes your body work harder so 30 minutes in a pool is worth 45 minutes of the same activity on land.

30 minutes of swimming three times a week alongside a balanced, healthy diet and lifestyle is one of the best ways to stay fit and healthy and maintain a positive mental health. Swimming regularly can lower stress levels, reduce anxiety and depression, and improve your sleep patterns.

Swim England reports say the benefits of swimming support by alleviating the pressure on the UK NHS and care systems to a value of £357million per year. Applying this calculation to the national population this is a cost per head of £5.26. This rate has been used to calculate the social benefit of a pool at Market Rasen and based on the national average estimated users of 3,164 is £16,642.

2.2 Current Leisure Provision Market Rasen

During 2021/22 the existing Leisure facility is showing some improvement after the Covid-19 Lockdown period, however is still 25% below the SLM target.

During September 2021 individual users totalled 495 resulting in 3,883 visits being recorded (average visits April to September being 3,872 pm). This can be compared to the national average of 31.3% of the population going swimming (Source Swim England) which would equate to 3,164 individual users (based on the Population Census 2011 for Market Rasen, Keelby and Caistor of 10,110).

2.3 Swimming at Market Rasen

A swimming pool should be considered as an asset to assist in improving the health and wellbeing of the resident and users however access to alternative swimming pools is also a consideration.

There are a number of swimming pools which are considered to be a reasonable distance from Market Rasen for residents to travel to.

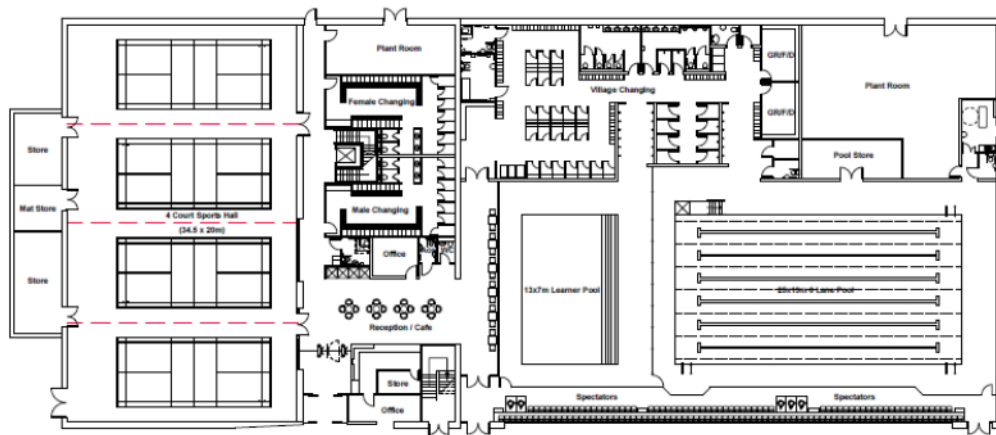
FACILITY	DISTANCE
Wragby & District	8 miles
Yarborough Leisure Centre	13 miles
Ancholme Leisure Centre	13 miles
Meridian Leisure Centre	15 miles
Horncastle pool	15 miles
Grimsby Leisure Centre	16 miles
One NK	17 miles
West Lindsey Leisure	18 miles

At the time of the design and construction of the existing Leisure Centre, the opportunity to incorporate a swimming pool was explored however, was not

deemed a viable investment at the time. However the site is large enough to add a swimming pool should a business case support the investment.

SLM/Everyone Active provided a plan for the site in the Market Rasen Leisure Centre as part of the Invitation to Tender documentation which alluded to the future inclusion of a pool and included a indicative design.

"We investigated the possibility of installing a pool at the facility. However, researched suggested that there wasn't sufficient demand for a pool. With the expensive maintenance costs and lifeguard requirements associated with managing a pool it would ultimately cost additional revenue. Despite this, we have designed the new Market Rasen facility in such a way that adding a wet-side facility would be feasible should the demand present itself. Please see below indicative designs which include installing a wet-side facility at the Centre."



2.4 Financial Case

A high level cost analysis has been carried out for the capital investment and estimated revenue implications of costs and income, these have been provided outside of a specification and should be considered as supporting data and not agreed costs or income targets.

2.4.1 Capital Cost estimates (provided by Morgan Sindall)

High level options and budgets relating to 'affordable community swimming pools' including a moveable and sloping floor to create a shallow end (please note this does not necessarily mean compliance with Sports England which will depend on requirements and budget) as an extension at the site:

25m Pool Option	Ground Floor Area	Basement Plant Area	Mezzanine Plant Area	Total GIFA: Stand-Alone Facility	Potential Reduction for Link to MRLC*	Total GIFA: Linked Facility	High Level Budget Fixed to 3rd Quarter 2021 (Exc VAT)
4 Lanes	935m ²	89 m ²	60m ²	1,084 m ²	- 122 m ²	962 m ²	£4,903,145
6 Lanes	1,309m ²	115 m ²	105m ²	1,529 m ²	- 155 m ²	1,374 m ²	£6,511,184

Note: These prices were prepared based on RICS cost estimates, and do not reflect the current elevated pricing for materials and construction, we are currently experiencing.

2.4.2 Income and Expenditure forecasts (provided by SLM Ltd)

The Income provided below is assumed on the estimated participation levels detailed in the table below.

YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8	YR9	YR10
6,006	10,511	15,015	18,018	18,018	18,306	18,599	18,897	19,199	19,506

Based on the numbers above estimated income is detailed in the table below and has been calculated based on charge assumptions for a casual swim session £4.00 per head. Swim lessons at £5.26 and swim only membership at £20 per month. Other Swimming is based on an annual estimate.

Further work would be required to understand the price increase for existing members wishing to add swim onto their membership.

Income	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Casual Swimming	£20,000	£35,000	£50,000	£60,000	£60,000	£60,960	£61,935	£62,926	£63,933	£64,956
Other Swimming	£5,000	£7,500	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000
Swim Lesson (All)	£108,400	£216,800	£243,900	£271,000	£271,000	£271,000	£271,000	£271,000	£271,000	£271,000
Swim Only Memberships	£12,000	£12,000	£12,000	£12,000	£12,000	£12,000	£12,000	£12,000	£12,000	£12,000
TOTAL ESTIMATED INCOME	£145,400	£271,300	£315,900	£353,000	£353,000	£353,960	£354,935	£355,926	£356,933	£357,956

Revenue costs include, lifeguards, swimming teachers, plant room and increase in utility costs have been estimated in the model

NET	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Expenditure	£ 224,900	£ 271,688	£ 288,397	£ 317,152	£ 319,580	£ 322,057	£ 324,583	£ 327,160	£ 329,788	£ 332,469
Income	£ 145,400	£ 271,300	£ 315,900	£ 353,000	£ 353,000	£ 353,960	£ 354,935	£ 355,926	£ 356,933	£ 357,956
Total	£ 79,500	£ 388	-£ 27,503	-£ 35,848	-£ 33,420	-£ 31,903	-£ 30,352	-£ 28,767	-£ 27,145	-£ 25,487

Based on the above assumptions the pool is estimated to generate an operating profit from year 3.

The data provided indicate that from year 6 the costs are increasing faster than the income, this is due to reaching a maximum capacity of 1,000 swim lessons.

2.4.3 Funding the Investment

At this time there are no Council funds available for this investment and no availability of grant funding.

Therefore the only option would be to borrow. Based on the capital cost estimates of £4.9m - £6.5m the cost of borrowing would be in the region of £0.35m - £0.5m per annum based on the following assumptions;

- 100% funded from borrowing

- 60% of costs are buildings related with borrowing repayable over 40 years (MRP)
- 40% of costs are Mechanical and Engineering with MRP payable over 20 years
- Interest rates at 40 year 2% and 20 year 2.08% maturity borrowing (based on rates at 21.11.2021 + 0.25%)

The costs identified do not include fixtures and fittings/pool equipment etc. these would be an additional cost and would have a useful life of an assumed 10 years.

The Council's investment strategy requires that any borrowing undertaken has to be affordable and sustainable, as can be seen the operations will generate a circa £0.030m contribution and would result in a £0.320m - £0.470m pressure on the Medium Term Financial Plan for upto 40 years. Making the financial case unaffordable and unsustainable.

There may be the potential for Parishes to consider contributing through their Precepts to support the cost of borrowing.

2.5 Economic Case

Based on the construction costs detailed at 2.4 the Gross Value Added to the economy is estimated to be £1.3m for the smaller pool and £1.63m larger pool and is likely to create 16 jobs through the direct (construction) and indirect (supply chain, administration etc) impacts.

2.6 Environmental Case

In order to accord with WLDC's ambitions for net zero carbon emissions and wider environment and sustainability strategy, the build would need to encompass the latest and very best sustainable construction techniques. These would typically comprise:

- Improved energy efficiency through siting, design and orientation
- water conservation measures
- sustainable urban drainage systems
- renewable energy production
- recycled building materials
- construction waste reduction.

In seeking to achieve carbon neutrality and an upper tier Building Research Establishment rating for the pool project, a higher initial financial outlay would need to be factored into the overall project costs. Financial contributions to a carbon offset fund should also be included in the business case for emissions

that cannot be eliminated – though it should be noted that this is a last resort after all other options to reduce emissions have been explored.

A pool is likely to have a significant increase the CO2 footprint of the Council and they are traditionally energy intensive. To give an easy comparison, the Gainsborough Leisure Centre (with pool) had a carbon footprint of 359 tonnes equivalent carbon dioxide emissions equivalent (tCO2e) in 2020/21 against, circa. 179 tCO2e from Market Rasen (dry) Leisure Centre.

Size of the pool and heating source are the biggest factors in any footprint, and electrical heating – particularly from renewable sources can reduce it significantly from buildings powered by fossil fuels such as gas. Very high level emissions estimates have been calculated below using Chartered Institute of Building Engineers (CIBSE) benchmarks for energy intensity usage, taking into account overall floor area for potential designs and using (2020) energy conversion factors published by The Department of Business, Energy and Industrial Strategy (BEIS) and the Carbon Trust.

25m Pool Option	Stand Alone, Electric Fuel	Stand Alone, Fossil Fuel	Linked Pool, Electric Fuel	Linked Pool, Fossil Fuel
4 Lanes, Typical Performance	48.52 tCO2e	128.36 tCO2e	43.06 tCO2e	113.91 tCO2e
4 Lanes, Good Performance	35.24 tCO2e	92.28 tCO2e	31.39 tCO2e	81.89 tCO2e
6 Lanes, Typical Performance	68.44 tCO2e	181.05 tCO2e	61.50 tCO2e	162.70 tCO2e
6 Lanes, Good Performance	49.91 tCO2e	130.16 tCO2e	44.84 tCO2e	116.97 tCO2e

These emissions are significant for a council of the size of WLDC with a total measured carbon footprint (2019/20 financial year) of 3,428 tonnes of CO2 equivalent (tCO2e). It should be pointed out that there are huge swings in emissions according to pool design and usage. The figures above do not account for indirect emissions, for example emissions associated with the production and transport of electricity, and the construction of the building itself and materials used.

It is desirable that a new development does not increase negative environmental impact, and wherever possible mitigates against increased traffic congestions, journeys, pollution, etc. The environmental impact of a pool is lessened if users can access provision as part of a journey they are already making. Clearly those travelling to or living in Market Rasen would have easy access to any new facility and those already in the town centre would have good walking access, once it was operational.

Further detailed environmental and ecological assessment would be needed if this project were to progress and a full range of options would need to be explored.

2.6 Business Case Conclusion

Based on the Business Case presented including assumptions and estimates, at this time the business case is not viable. Environmental Impacts would have to be understood and mitigated and whilst there is an obvious Health and Wellbeing benefit the social benefit remains low due to estimated participation levels.

3 Future proposal options;

1. Do nothing
2. Seek more detailed analysis and undertake consultations to inform a more detailed business case. This piece of work would cost circa £0.017m.
3. Review the Business Case at an appropriate time
 - Within the next 4 years or other time period
 - If and when grant funding/other funding can be identified
 - when population/housing growth and/or demand increases to support sustainable levels of participation/income

Area	Population Census 2011	Planned Housing Growth 2017-2036
Market Rasen	5,417	640
Keelby	2,092	2190
Caistor	2,601	367
Total	10,110	1,197

(Source:Local Plan)