

Clay Cross Town Board

18 March 2022

Sharley Park Business Case

Report of the Director of Transformation

Report By: Director of Transformation

Contact Officer: Matt Broughton (01246 242210)

PURPOSE / SUMMARY

- To provide Town Board with the Sharley Park Town Fund Business Case and Business Case Assurance documents for consideration.
 - To seek agreement from Clay cross Town Board to prepare and submit Sharley Park Town Fund Business Case, Business Case Assurance and other associated documentation to the Town Hub for consideration.
-

RECOMMENDATIONS

That Clay Cross Town Board agree:

1. To pursue options 5 as the preferred option as outlined in the business case however, should further funding become available, seek to deliver the higher BCR through options 6, 7 and 8.
 2. To prepare and submit Sharley Park Town Fund Business Case, Business Case Assurance and other associated documentation to the Town Hub for consideration.
-

IMPLICATIONS

Finance and Risk: Yes No

Details:

1. The financial risks are largely outlined in the risk register included in the business case.

On Behalf of the Section 151 Officer

Legal (including Data Protection): Yes No

Details:

1. The North East Derbyshire District Council (NEDDC) is the accountable body for the Clay Cross Towns Fund and whilst the spirit of the Towns Fund and its intent, to be private sector- and community-led, should be reflected in the governance and assurance framework, the Council and S151 Officer more specifically are responsible for ensuring robust process to protect the interest of the public.

On Behalf of the Solicitor to the Council

Staffing: Yes No

Details:

There are no staffing issues arising from this report.

On behalf of the Head of Paid Service

DECISION INFORMATION

Links to the Clay Cross Town Fund and Town Investment Plan

The Town Investment Plan is focused on five themes:

- (i) Town Centre Regeneration;
- (ii) Connectivity;
- (iii) Skills and Enterprise;
- (iv) **Health, Wellbeing and Leisure;**
- (v) Clean Growth.

Direct delivery of the 'Sharley Park and Sharley Park Active Community Hub' project.

REPORT DETAILS

1 Background

- 1.1 On the 3rd March 2021 the Chancellor Rishi Sunak announced that Clay Cross would receive £24.1m of funding to deliver a number of projects contained in the Clay Cross Town Investment Plan.
- 1.2 The Town Investment Plan outlines the Sharley Park and Sharley Park Active Community Hub project as:

"replacement of the ageing leisure centre with a new facility incorporating complementary health services delivered in conjunction with the adjacent NHS Hospital, a low carbon energy pilot and new and improved formal and informal activity and sport facilities in the wider Sharley Park;"
- 1.3 Clay Cross faces significant challenges associated with health and well-being. The area has higher than average instances of poor health including, for example, a higher proportion of residents with long term limiting illnesses,

a higher percentage of people with obesity, and high instances of mental health issues. In addition to this, levels of inactivity are amongst the highest in the District.

- 1.4 Existing infrastructure is not adequate to respond to these challenges. Sharley Park Leisure Centre is no longer fit-for-purpose, being both outmoded and costly to run. More generally, there is a deficit of cultural and entertainment assets within town and, while there are green spaces, the Open Space, Sport and Recreation Local Plan evidence report suggests there is an under provision in children's play and youth facilities.
- 1.5 Through stage 1 consultation with the public on the Town Investment Plan, two thirds of all survey respondents indicated that the most important project for Clay Cross was a replacement leisure centre and improvements to Sharley Park, the provision of activities for older children and teenagers, and improved leisure facilities and local parks were recurrent themes raised throughout, alongside the need for tree planting and improved green spaces.

2 **Report**

- 2.1 This report, and more specifically the appended business case, pulls together the work of the Sharley Park working group over recent years, provides an overview of the case for investment and project delivery.
- 2.2 The Business Case (appendix A) builds upon the Sport England Strategic Outcome Planning Guidance (SOPG) which is the Sport England case for investment in Clay Cross.
- 2.3 The Economic Case (within the Business Case) has been developed by Amion Consulting in consultation with Strategic Leisure Ltd.
- 2.4 The Business Case & SOPG has been developed by Strategic leisure Limited in conjunction with Alliance Leisure Ltd and Sport England.
- 2.5 The Business Case, Economic Case and SOPG directly informed and align to the January 2022 NEDDC Cabinet and Council reports 'Sharley Park Development'. The Cabinet and council reports and its recommendations secured both the commitment from the Council to proceed with the project to practical completion (Subject to grant funding being secured) and £13.5m contribution to the project.
- 2.6 The Clay Cross Town Board local assurance process includes an independent review of the business/economic case by Mace. Mace have reviewed the all associated documents, confirmed accuracy and compliance with the Towns Fund guidance and created the 'Business Case Assurance' report (Appendix B) which recommends the project is '**Ready to proceed**'.
- 2.7 NEDDC, acting in their role as accountable body, have reviewed the business case and business case assurance and at the March 2022 Cabinet, provided local assurance sign off and recommended the project to be considered at Town Board.

- 2.8 Considering the Town Investment Plan, Sharley Park Business Case and the Business Case Assurance, this report recommends that Clay Cross Town Board approve and endorse the project to be submitted to the government Town Hub for consideration.
- 2.9 The business case outlines a number of options, some of which have been discounted and some which rely on securing further investment in the project. The business case highlights option 5 (All options outlined below) as the preferred option as it is deliverable without financial contributions greater than that already identified and represents high value for money with a benefit vs cost ratio (BCR) of 2.4:1. However, the working group continues to pursue the addition a further investment in activities for teenagers/young adults ([Tag Active](#)) and low carbon heating technologies such as air source heat pumps and associated photovoltaic installation and battery storage. All options, including tag active and low carbon heat sources, have been subject to the full business case and reviewed by Amion, Mace and the Council accordingly. As outlined below these additional options can significantly increase the BCR and where further investment is secured, will be included in the development.
- 2.10 It should be noted that at this stage not all grant funding contributions associated with the project have been secured. The status is as follows:

NEDDC contribution (£13.5m) - Funding secured with further consideration to investment in Tag Active ongoing.

Town Fund (£6m) - Investment unsecured (The purpose of this report)

Sport England (£1.5m) - Investment unsecured and submission not expected until RIBA Stage 3. However, indications that Sharley Park is in their investment 'pipeline' and Sport England are have and continue to commit their own resource to support the development of the project.

Football Foundation (0.5m) – Investment unsecured however, the Football Foundation are commencing (at their cost) a construction feasibility assessment, prior to the submission of a funding bid later in the year.

3 Reasons for Recommendation

- 3.1 The purpose of the local assurance process is to ensure the investment of public money into this project represents value for money for the public. Both the Council and Mace have concluded that this project is ready to proceed.
- 3.2 The Economic case, within the business case, tests a number of options including:
- Option 1 - Continue to operate in its current form
 - Option 2 - Close existing leisure centre and do not replace
 - Option 3 - Refurbish the existing facility
 - Option 4 - Build only a new leisure centre
 - Option 5 - Community hub with Clinic and CAB
 - Option 6 - Community hub with Clinic, CAB and Tag Active

- Option 7 – Community hub with Clinic, CAB, and carbon reduction technologies.
- Option 8 - Community hub with Clinic, CAB, Tag Active and carbon reduction technologies

3.3 Paragraph 1.10.1 (Page 58) in appendix A provides the Appraisal summary, stating:

The key results of the Economic Case based on quantified benefits are summarised in the Appraisal Summary Table (Table 1.21). As can be seen below, when the full capital costs of the re-developed Community Hub are considered (including borrowing) Options 5, 6 and 8 all have an initial BCR of 2.2:1, and option 7 has an initial BCR of 2.1:1. These figures demonstrate that Options 5, 6, 7 and 8 all represent ‘high’ value for money, with Option 6 having a slightly higher Net Present Social Value.

Table 1.21: Appraisal Summary Table (£m) – including borrowing

| £m | Option 4 | Option 5 | Option 6 | Option 7 | Option 8 |
|---|----------|----------|----------|----------|----------|
| [A] PV initial benefits | 34.485 | 49.681 | 51.563 | 50.049 | 51.931 |
| [B] PV adjusted benefits | 3.448 | 4.968 | 5.156 | 5.005 | 5.193 |
| [C] PV net marginal public sector costs | 20.071 | 22.473 | 22.966 | 23.521 | 24.014 |
| [D] PV Towns Fund-only costs | 6.921 | 6.921 | 6.921 | 6.921 | 6.921 |
| [E] PV project costs | 20.071 | 22.473 | 22.966 | 23.521 | 24.014 |
| NPSV [A-C] | 17.863 | 32.176 | 33.753 | 31.532 | 31.561 |
| Initial BCR (xx:1) [A/C] | 1.7:1 | 2.2:1 | 2.2:1 | 2.1:1 | 2.2:1 |
| Adjusted BCR (xx:1) [A+B/C] | 1.8:1 | 2.4:1 | 2.5:1 | 2.2:1 | 2.4:1 |

Table 1.22 presents the same information but uses the costs net of borrowing (i.e. assuming all borrowing is repaid using the income generated by the new facility). This reduces the net public sector costs considerably. Using this approach, all options deliver very high value for money. Option 6 has the highest initial BCR (7.2:1), Option 5 is the next highest (6.4:1), Option 8 marginally lower at 6.3:1, Option 7 at 5.7:1 and Option 4 the lowest at 4.1:1 (although still offering very high value for money). Option 6 has the highest Net Present Social Value.

Table 1.22: Appraisal Summary Table (£m) – grant and revenue costs only

| £m | Option 4 | Option 5 | Option 6 | Option 7 | Option 8 |
|----|----------|----------|----------|----------|----------|
| | | | | | |

| | | | | | |
|---|--------|--------|--------|--------|--------|
| [A] PV initial benefits | 34.485 | 49.681 | 51.563 | 50.049 | 51.931 |
| [B] PV adjusted benefits | 3.448 | 4.968 | 5.156 | 5.005 | 5.193 |
| [C] PV net marginal public sector costs | 8.341 | 7.779 | 7.135 | 8.835 | 8.301 |
| [D] PV Towns Fund-only costs | 6.921 | 6.921 | 6.921 | 6.921 | 6.921 |
| [E] PV project costs | 8.341 | 7.779 | 7.135 | 8.835 | 8.301 |
| NPSV [A-C] | 29.592 | 46.870 | 49.584 | 46.219 | 48.822 |
| Initial BCR (xx:1) [A/C] | 4.1:1 | 6.4:1 | 7.2:1 | 5.7:1 | 6.3:1 |
| Adjusted BCR (xx:1) [A+B/C] | 4.5:1 | 7.0:1 | 7.9:1 | 6.2:1 | 6.9:1 |

3.4 Based upon the Business Case, Economic Case, Business Assurance Case and the Council's local assurance process, the investment in Sharley Park leisure facility provides high value for money for the public, contributes to addressing local health and social issues in and around Clay Cross and reduces the annual cost of operating Sharley Park Leisure Centre significantly.

3.5 The project will directly deliver the following Town Fund outputs:

| | |
|---|--|
| Number of safeguarded FTE jobs | 20 |
| Number of new community/sports centres | 1 |
| New sustainable commercial floorspace (m ²) | 4800 (Commercial Use Classes A3, B1, D1, D2) |
| Total length of pedestrian paths improved (Miles) | 1 |

3.6 In addition, wider health related KPI's are:

| KPI | How it will be measured |
|--|---|
| Overall increase in the number of attendances at Sharley Park Community Activity Hub | Number of new members of the Active Community Hub |
| Increased numbers of people taking part in, and staying with, physical activities and programmes (at recommended levels) | Number of people in Clay Cross meeting Chief Medical Officer recommendations for physical activity through the Active Lives Survey (Annual) |
| New participants engaging with the Community Activity Hub – both actively and through the social opportunities. | Number of new members of the Active Community Hub & Customer Survey (Annually) |
| Inactive people engaging with the Hub offer and returning | Number of new members of the Active Community Hub & Customer Survey (Annually) |
| Increased everyday use of outdoor active environments around Sharley Park e.g. Pitches, walking and cycling routes | Numbers of people using pitches (Football, Bowls, Cricket). |
| Reduction in numbers of people living with long -term health conditions in Clay Cross | Public Health Data (Annually) |
| Improved healthy weight levels for children and adults in Clay Cross | Public Health Data (Annually) |
| Reduction in health inequalities in Clay Cross | Public Health Data (Annually) |

4 Alternative Options and Reasons for Rejection

- 4.1 All options regarding the development of Sharley Park are considered within the business case.

DOCUMENT INFORMATION

| Appendix No | Title |
|--|-------------------------|
| A | Business Case |
| B | Business Case Assurance |
| Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report.) | |
| Sport England SOPG | |

Appendix A – Business Case

Appendix B – Business Case Assurance