

Manchester City Council Report for Information

Report to: Communities and Equalities Scrutiny Committee – 9 January 2020

Subject: Capital Strategy for Leisure Facilities

Report of: The Strategic Director (Neighbourhoods)

Summary

This report provides an update on the Leisure Capital Programme which is seeking to sustain, develop and enhance the facility asset base over the next 20 years. The Leisure Capital Programme is currently funded through a mixture external grants and contributions, capital receipts, borrowing and spend to save capital investment. The report sets out the current pipeline programme and proposals of investment. The programme follows the Council's Capital Finance process and is subject to individual business cases and a clear funding strategy to inform the strategic consideration and feasibility of each scheme.

It should be noted that a separate report on the Playing Pitch Strategy will be provided for a future meeting of the Committee.

Recommendations

The Committee is recommended to:

1. To note the Capital Strategy for Leisure Facilities and update position on the various projects.
 2. To note that a separate report detailing the Playing Pitch Strategy will be provided for a future meeting of the Committee.
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Wards Affected: All

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city

Within the Carbon Reduction Programme there is a plan to retrofit sustainable technologies across the Council estate. Moss Side Leisure Centre was refurbished in November 2018 and the scope of works was agreed prior to the Carbon Reduction Programme. This facility was not in scope for carbon reduction, however investment into modern mechanical and electrical services including new boilers, heating and ventilation and pool plan system, GLL (Indoor Leisure Operator) are forecasting a reduction in energy consumption.

All future leisure capital projects will incorporate carbon technologies to contribute on achieving the zero-carbon target for the City.

Manchester Strategy outcomes	Summary of how this report aligns to the OMS
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Sport and Leisure sector is a key economic driver within the city not only as an employer, but also in attracting inward capital investment to create sustainable world class sporting facilities and place-based services that support to deliver a diverse sport and cultural offer for our residents.
A highly skilled city: world class and home-grown talent sustaining the city's economic success	The capital programme includes substantial investment in education and training and also contributes meaningfully to employment within the Manchester economy, creating jobs across the leisure sector and local labour market.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Leisure's Facility Investment strategy provides placed based services at the core of neighbourhoods and creates significant opportunities for all communities within the city to engage and participate at all levels of the sporting pathway. All of which contribute to towards Our Manchester Strategy.
A liveable and low carbon city: a destination of choice to live, visit, work	Investment in all areas of Leisure's capital programme contributes towards the strategy through investment to modernise the leisure estate, notably investment in sustainable and affordable sport and leisure services, contributing to the ambition on achieving the zero-carbon target for the City. This is embedded within the management of the existing estate and the plans for the refurbished and replacement leisure facilities over the next five years.
A connected city: world class infrastructure and connectivity to drive growth	The Sport and Leisure sector has over the last twenty years invested significantly in new assets that have helped drive the city's growth agenda. The Strategy seeks to deliver new high quality assets across the city that will continue to support our growth ambitions over the next decade.

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

- Various Capital Programme Update Reports to Executive

1.0 Introduction

- 1.1 This report is intended to update the Committee on the Capital Strategy for Leisure Facilities, progress of the live capital projects and consideration of future pipeline programme and proposals. At the stage of writing a number of the pipeline schemes have not been fully costed, but they are included in order to provide an overview of progress, noting the constraints on public funding and the limitations in securing external investment.
- 1.2 The financial details highlighted in this report are based on the monitoring position for live projects with design and build contracts, based on the market position at mid-point construction for delivery of each programme. All figures include construction inflation forecast rates at Tender Price Index (TPI) and the General Building Cost Index (GBCI).

2.0 Background

- 2.1 The Capital Strategy for Leisure Facilities is continuation of a renewal programme which commenced in 2010/11. The programme is seeking to sustain, develop and enhance leisure facilities in manner which will lead to an increase in participation in sport and physical activity, whilst reducing the Council's ongoing operating liabilities. There were a number of significant longer-term investment programmes agreed as part of the budget in 2016/17, in addition there are a number of smaller projects which have been generated as a result of external funding opportunities.
- 2.2 The Capital Strategy for Leisure Facilities compliments and contributes to key Council strategies, which in turn have informed the evidence base and strategic consideration for these projects. Leisure features prominently in the Our Manchester work and provides an opportunity to test new ways of working to build on over the next period. Each capital programme seeks to build on meaningful community engagement with residents as well as the strengths of community groups, clubs and stakeholders in our leisure centres, parks, green and open spaces.
- 2.3 The approach to capital investment seeks to respond to the Our Manchester priorities and ambitions of the City, improving the quality of life for residents and delivering a vision of Manchester as a world class city. Access to a high-quality sport and leisure facilities is a key objective in Our Manchester Strategy and cuts across a number of Manchester's key strategic plans including;
 - Manchester Playing Pitch Strategy;
 - Parks Strategy;
 - Sport & Physical Activity Strategy; and
 - Events Strategy.
- 2.4 The main aims of the Leisure capital programme that are reflected in the Strategy are as follows:
 - Be a city recognised for its high quality of life, with improved green spaces and access to world-class sports, leisure and cultural facilities;
 - Collectively improve our health and wellbeing and be more active as adults

- and children;
- Invest in cultural and sports facilities for the benefit of the city's residents and to improve the city's international attractiveness.
- To support employment growth through a strengthening and diversification of the economic base and through the efficient use of land; and
- Continuing to promote investment to secure an internationally competitive cultural and sporting offer and sustaining core lifestyle assets such as parks, leisure facilities and libraries within the City.

3.0 Capital Investment Strategy

3.1 The following capital investment projects are currently underway or have been completed during the last 12 months. These capital schemes are funded through external grants and contributions, capital receipts (such as S106 funding), revenue contributions, borrowing and spend to save investment. The table below outlines the spend approval that has been given, the financial value for that approval, the funding source and status of each project. A detailed breakdown of these projects is set out in Appendix 1.

Table 1 – Approved Capital Programme

Projects	Financial Approval	Funding Plan	Status
Abraham Moss Library and Leisure Centre New Build – Developed to RIBA Stage 4	£3,060m	Council Capital and Revenue	Complete to RIBA Stage 3
Active Lifestyle Centre 3G Pitch Replacement – RIBA Stage 1 to completion	£198k	External	Complete
Belle Vue Leisure Centre H&F Provision – RIBA Stage 1 to completion	£225k	External	Complete
National Cycling Centre - Essential Works – RIBA Stage 1 to completion	£499k	External	Complete
Hough End Strategic Football and Multi Sports Hub – RIBA Stage 4	£241k	External and Council Borrowing (Externally Funded)	Commencing in early 2020

Manchester Aquatics Centre Refurbishment – RIBA Stage 2	933k	Council AMP Funding (Approvals to end of RIBA Stage 2)	Complete to RIBA Stage 1
Moss Side Leisure Centre Refurbishment – RIBA Stage 1 to completion	£8,685m	Council Capital	Complete
North City Family and Fitness Centre – RIBA Stage 1 to completion	£515k	External	Complete
Platt Fields - New Interactive Football Wall – RIBA Stage 1 to completion	£83k	External and Council Revenue	Complete
Range Sports Complex Refurbishment - – RIBA Stage 1 to completion	£465k	Council Borrowing	Commencing in early 2020
Regional Athletics Arena – Outdoor Track replacement – RIBA Stage 1 to completion	£1,218m	External	Commencing in Spring 2020
Velodrome Refurbishment – RIBA Stage 2	£530k	Council AMP Funding	Complete to RIBA Stage 1

- 3.2 The above table highlights the mixed approach that has been taken to finance the capital strategy. The limitations around the Council's broader Capital Programme and Estates Annual Maintenance Programme budget means that the Council's ability to invest in further capital projects is limited and therefore a safe steps approach is being taken to all major capital projects to inform the project scope, buildability and cost plan to deliver each scheme. Attracting alternative sources of funding or income streams to cover the borrowing costs remains a priority. This approach has been built into the above programme with the business plan repayments built into the Leisure Operating Model to pay back the debt loan over the length of the Leisure Contract. It also means that other sources of capital income must be maximised, including the use of external funding, such as grants and capital receipts.

Proposed Capital Programme and Pipeline

- 3.3 The table below outlines the proposed capital programme and list of pipeline projects where business cases have been approved through the Capital Finance Check Point Process.

Table 2 – Pipeline Capital Programme

Capital Project	Financial Approval's	Funding Plan	Status
Ghyll Head – RIBA Stage 1 to completion	CP2 Approval	Capital Receipt	Expected to commence in early 2020
Hough End Mobile Changing Facilities	CP 2 Approval	Council Park Improvement Programme (PIP)	Expected to commence in early 2020

- 3.4 The Capital Strategy will include potential capital proposals which are not yet fully developed. These will be reflected in the narrative and the budget will be refined and updated as the projects or programmes are approved and ready to be included. Further details on the major and minor projects and future potential projects is shown below. The table below is a breakdown of the proposed capital pipeline projects and the proposed sources of funding. This is an indicative plan and therefore not all capital costs of each project is known at this stage.

Table 3 - Indicative Pipeline

Capital Project	Financial Approvals	Budget in Monitoring	Funding Plan
Ardwick Boxing Club	To be submitted in 2020	£220k	External
Belle Vue Sports Village Master Plan	To be submitted in 2020	TBC	TBC
British Cycling Legacy Funding for Clayton Vale and Heaton Park	To be submitted in 2020	TBC	External
Debdale Outdoor Centre	To be submitted in 2020	£152k	External
Etihad Campus House of Sport	To be submitted in January 2020	TBC	External
Heaton Park Strategic Football Hub	To be submitted in 2020	TBC	External

Manchester Aquatics Centre Car Park	To be submitted in 2020	c.£150K	External
Merseybank Playing Fields (Fletcher Moss Rangers)	To be submitted in 2020	Option A c£1.2m Option B c£1.4m	External
Playzone Project – Scotland Hall Road and Ladybarn Park sites	To be submitted in 2020	c.£500k	External
Regional Athletics Arena – Indoor Track	CP2 Approval	£1,218m	External
Rushford Park Master Plan	To be submitted in early 2020	£960k	External
Synthetic Cricket Wickets in Parks	To be submitted in early 2020	£200k	External

3.5 It should be noted that additional projects will be added to the Pipeline from time to time, often in response to the Council identifying external funding or following contributions being made following a property/ housing development.

4.0 Capital Strategy Governance

4.1 For any project seeking capital expenditure approval a business case is submitted to the Neighbourhoods Capital Board, covering:

- **Strategic Fit:** how the project links to the City Council's strategic priorities, social value, and any statutory requirements.
- **Economic Value:** what economic value the project will provide to the City.
- **Financial Implications:** funding model, with evidence of cost and capital and revenue implications
- **Risk and Deliverability:** timescale for delivery and identification of risks to the project, including legal issues.
- **Outcomes to be delivered:** what the project will achieve, and the benefits that will be realised.

4.2 All Leisure Capital Projects supported by the Neighbourhoods Capital Board are progressed through the Capital Check Point approval process. All projects are consulted and agreed by Local Members and the relevant Executive Member/s prior to submission for financial approval. As with all other projects that are over the value of £500k these require a Key Decision and are subjected to the normal scrutiny process for this.

4.3 It is intended that any project approved at the Strategic Capital Board in January and subsequently approved by members as part of the Checkpoint process will be included as proposals within the Capital Strategy for February's Executive.

5.0 Summary

5.1 This report highlights the significant progress that is being made to sustain, develop and enhance the facility asset base over the next 20 years. This is being undertaken in manner which is sustainable and will increase participation in sport and physical activity, whilst reducing the Council's ongoing operating liabilities.

5.2 The capital programme demonstrates the importance of a mixed capital investment strategy and the need to lever in external capital grants and other contributions to reduce pressures on the Council's capital budget. The limitations on the available public funding will require the Council to continually prioritise those projects which have a clear and compelling business case.