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20 July 2016

Dear Councillor

I am now able to enclose, for consideration at the meeting of the **DOVER LEISURE CENTRE PROJECT ADVISORY GROUP** on Tuesday 26 July 2016 at 5.00 pm, the following report that was unavailable when the agenda was printed.

5 **FACILITY MIX** (Pages 2-13)

To receive a briefing (including financial information) on the option of including a spa facility. A spa facility options summary is attached.

Yours sincerely

A handwritten signature in black ink, appearing to be "N. Smith", written over the printed name "Chief Executive".

Chief Executive



Dover Leisure Centre Feasibility Study

Spa Options Summary

July 2016



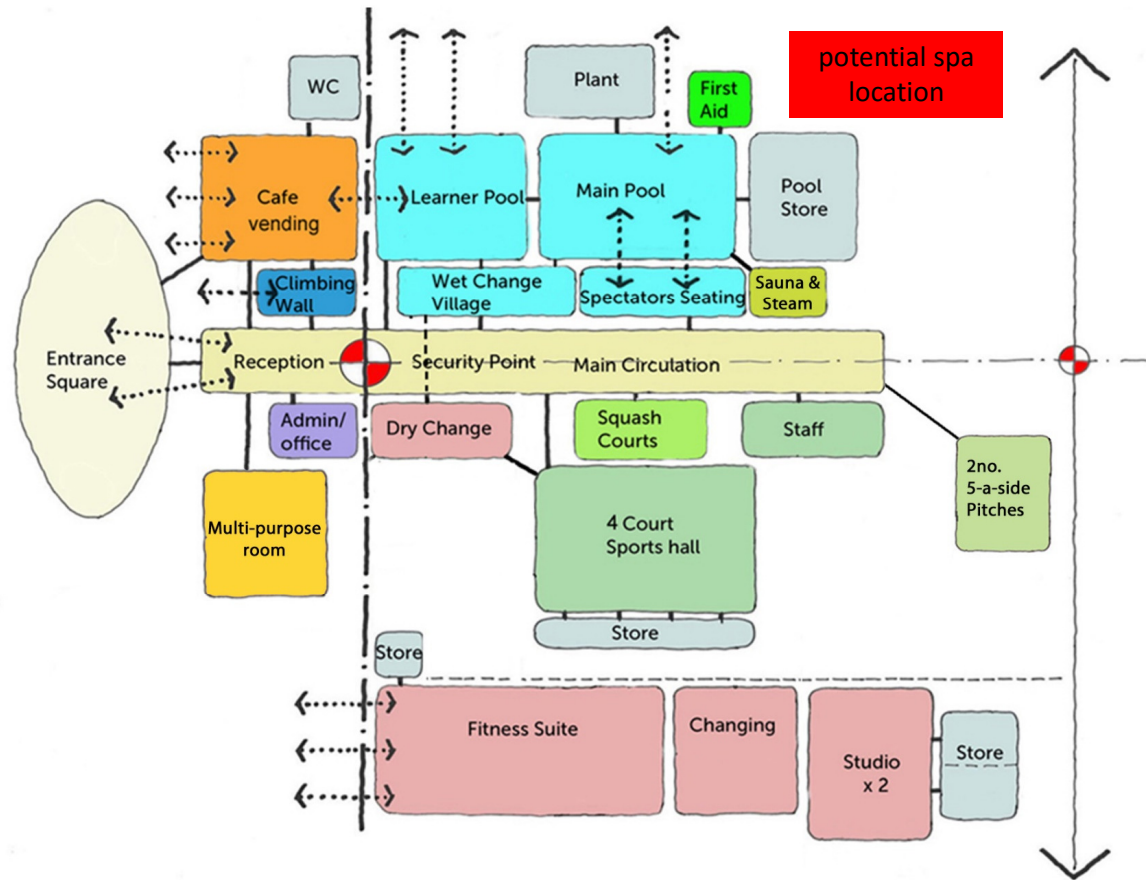
Agenda Item No 5



Conceptual Spatial Relationship Diagram

Addition of a Spa Facility

The diagram opposite represents the formulation of spaces based upon the original baseline brief including the addition of a spa in red.



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Concept Design with Spa

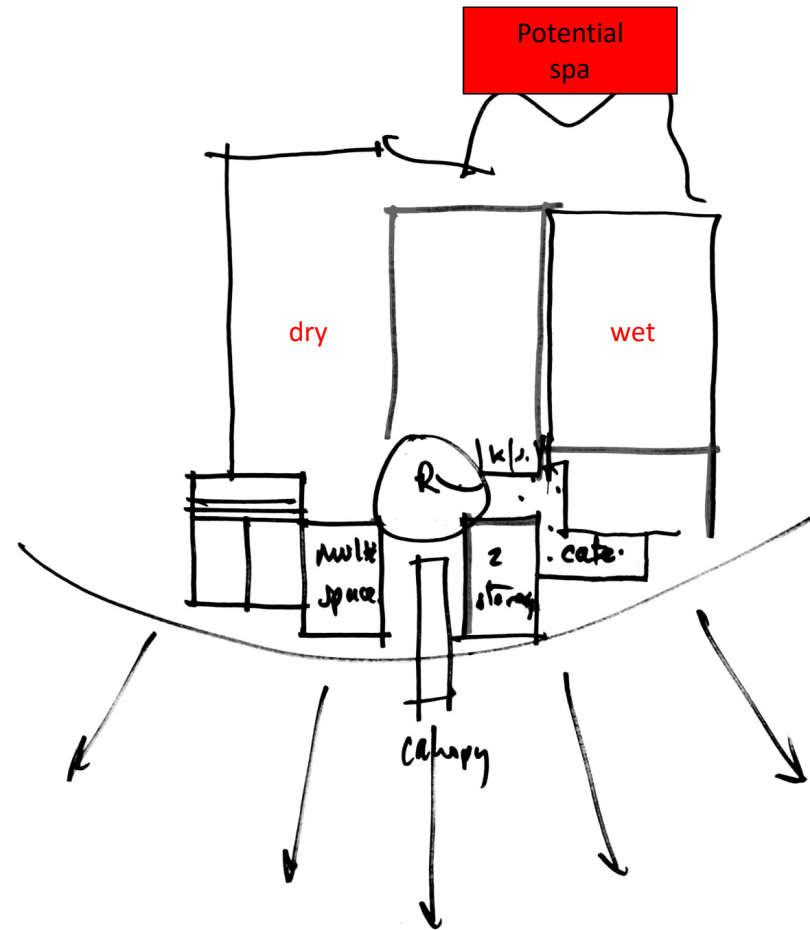
The Spa

Following building visits with members of the council, the potential to add a spa into the facility mix was considered.

Three key design criteria were to be adhered to:

- 1. Connectivity** – The spa must connect to the “wet side” of the leisure centre, with no crossover of public areas. A basic functional requirement
- 2. Phasing** – The spa should be designed as a separate phase, not within the main body of the leisure centre. This would allow flexibility for construction and funding. The aim therefore to retain the core design as far as possible
- 3. Front door** – The spa should have its own front door, its own presence. This allows the facility to have its own identity and branding opportunities, along with the practicality of having potentially different opening times from the main leisure centre.

The third point was a clear direction from our building visits – the spa operator would far prefer their own front door, not a shared reception, in order to control the visitor experience throughout. This design consideration coupled with adjacencies and phasing lead to the location of the spa as shown in the diagram opposite, which in turn led to an interesting discussion about where the building should be located on the site.



Site Plan : Option A

TRIANGULAR SITE - OPTION A

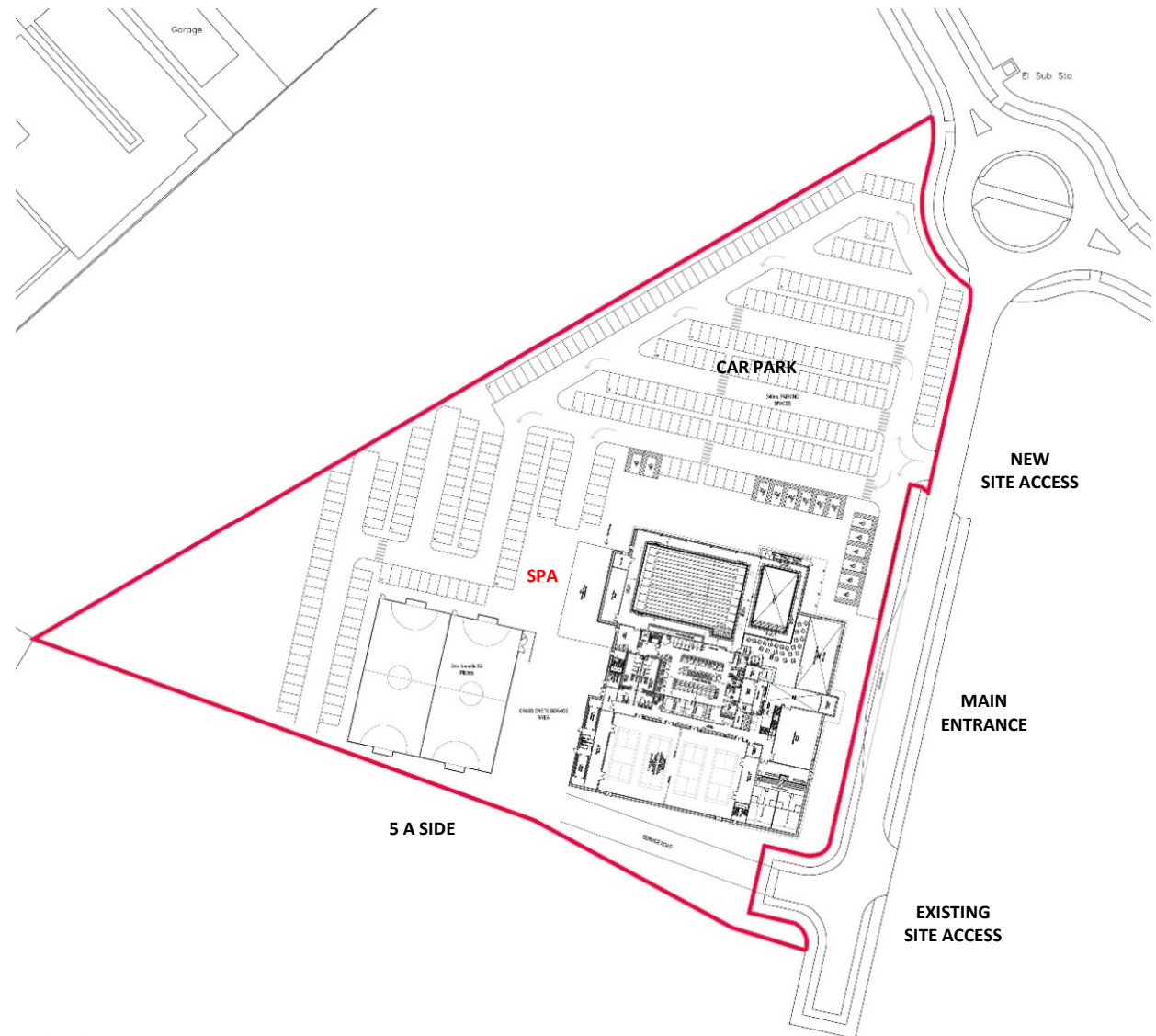
Comments

In this site option, the leisure centre is located close to the Southern site boundary, with five a side pitches adjacent to the sports hall and outdoor changing rooms. The car park is wrapped around the building, the main entrance directly access from the pavement on the existing access road.

Due to the nature of the sloping site terrain, the building will be highly visible from the existing roundabout, however there is a feeling that this key view could be dominated by a sea of car parking, which is not ideal. Landscaping and tree planting could of course be utilised to offset this.

The Spa

In this option, the spa is visible to and directly accessible from the main car park area. Whilst it is effectively hidden from view of the main reception to the leisure centre, this is a function of the phasing and front door requirements to be satisfied. It can also be built as a separate phase if required, and on that basis we would propose that the spa would incorporate its own plant areas as a standalone and separately costed facility



Slide 4

TJP53 Why is red line stepped along the access road? GT to check if correct?
Tom Pinnington, 29/06/2016

Site Plan : Option B

TRIANGULAR SITE - OPTION B

Comments

In this site option, the leisure centre is located close to the Northern corner of the site boundary, with five a side pitches adjacent to the sports hall and outdoor changing rooms. The car park is wrapped around the building to the South, the main entrance directly access from the pavement on the existing access road.

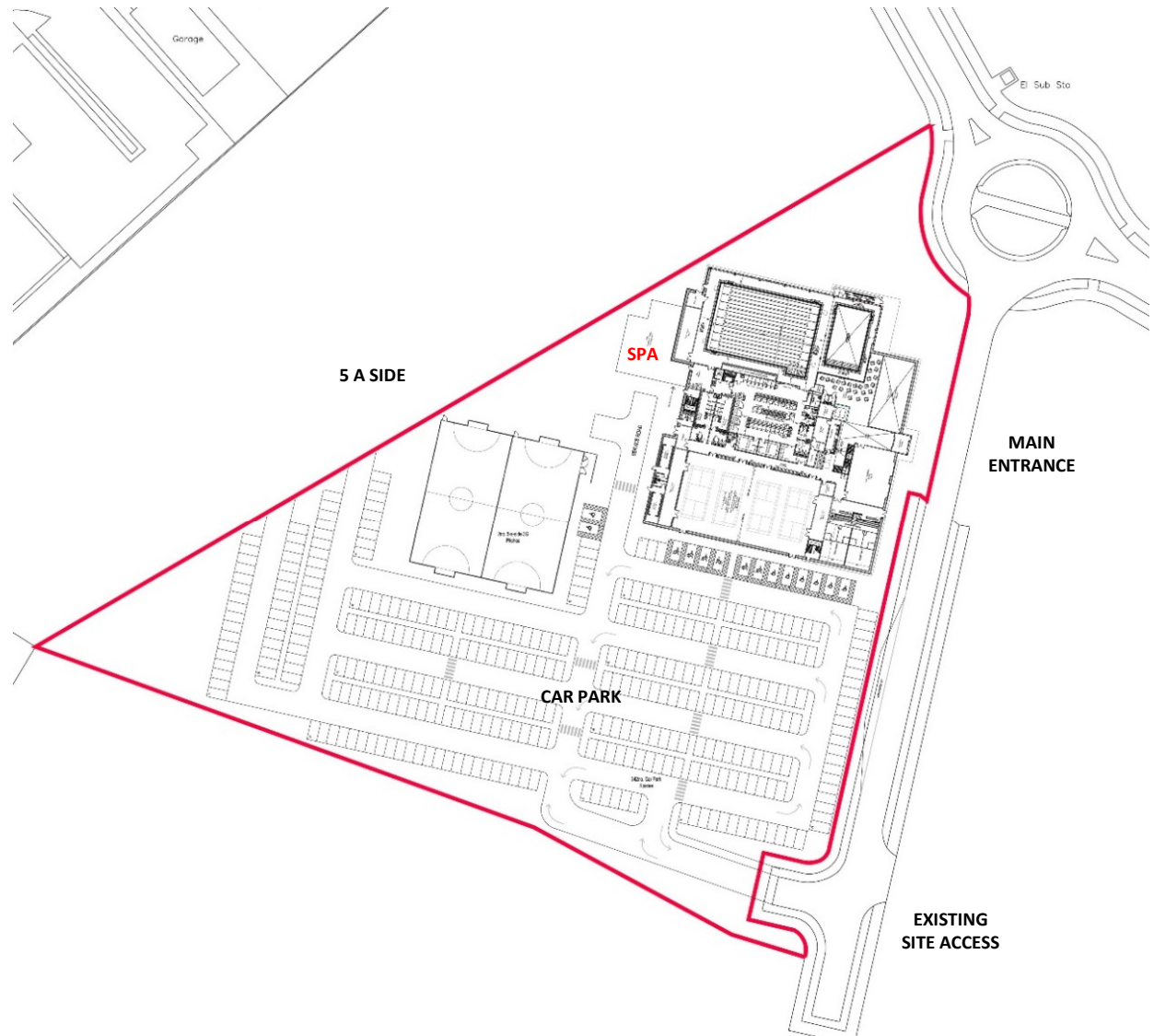
In this position the building is much closer to the existing roundabout and therefore much more visible from here. A stronger prominence on the main road.

The Spa

In this option, the spa is almost totally hidden from view.

The building mass is located toward the point of the site where it narrows towards the roundabout and as a result there is little breathing room. The spa is also hidden from the car park and would effectively need to be accessed via the service route.

So, whilst there may be benefits of proximity and visibility for the main leisure centre, the spa does suffer as a result of this location on the site



Site Plan – Option C

TRIANGULAR SITE - OPTION C

The preferred site plan is included opposite. This shows the arrangement of the following elements of the development but excludes the Spa. This layout cannot be achieved with the Spa included.

The leisure centre is located close to the Northern corner of the site boundary, with five a side pitches adjacent to the sports hall and outdoor changing rooms. The car park is wrapped around the building to the South, the main entrance directly access from the pavement on the existing access road.

The building is in a prominent position, close to the existing roundabout, increasing visibility.

The main entrance is visible from both the roundabout and the access road, and whilst there is a benefit in hiding the car parking behind the bulk of the building from view of the main road, the building location does result in some long distances between the main entrance and the parking, in particular, towards the Western corner of the site.

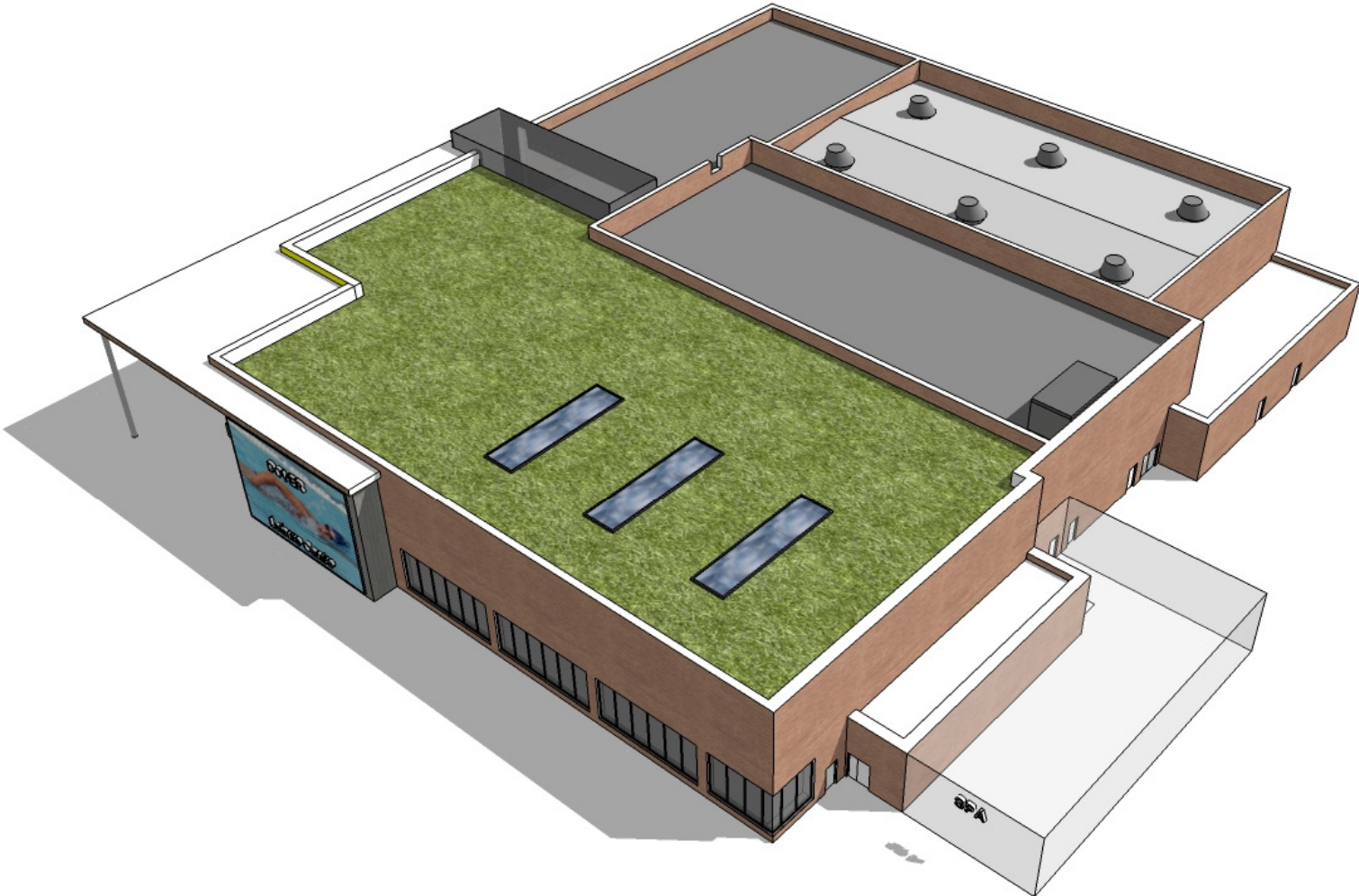
This location has a number of benefits:

- More breathing space for the building – Not jammed into the corner of the site
- Improvements to landscaping and setting – In particular, when viewed from the existing roundabout, and the potential to create improved pedestrian links
- Improved connection to parking - Proximity of parking to the main entrance, in particular accessible bays.



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3D Massing & Volume *Notional zone for Spa added*



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Implications of Adding a Spa

Financial Implications

The addition of a spa, similar to the Ramsgate model, would cost an estimated £1.5m. The improvement in net revenue performance would be circa £80,000 per annum. This would enable the Council to borrow an additional £1.6m capital via prudential borrowing. The additional funding is circa £100,000 greater than the cost of adding the spa. In conclusion, assuming the Spa can generate the same level of net revenue as is achieved at Ramsgate the Spa could be affordable. However, it should be noted that Your Leisure, which operates Ramsgate advised that they don't believe that a facility at Dover would perform to the same level as Ramsgate and that to some extent two facilities in relatively close proximity could well be competing for users, thereby undermining the revenue potential at both sites.

Description	Spa Option
Internal Works	£1,000,000
External Works	£50,000
Design Development / Construction Contingency (12.5%)	£131,250
Building Cost Inflation (7.6%)	£89,775
Professional Fees including Main Contractor's Design Fees (10%)	£127,103
Sub Total	£1,398,128
Fixtures, Fittings and Equipment	£100,000
Total Capital Cost	£1,498,128

Estimated net revenue improvement per annum (based on the performance of the Ramsgate Spa)	£80,000
Additional borrowing*	£1,600,000
Impact on affordability (additional borrowing minus total capital cost)	£101,873

*The amount of prudential borrowing available is based on an assumption of a 40 year loan costing £50k per £1m borrowed per year.

Implications of Adding a Spa

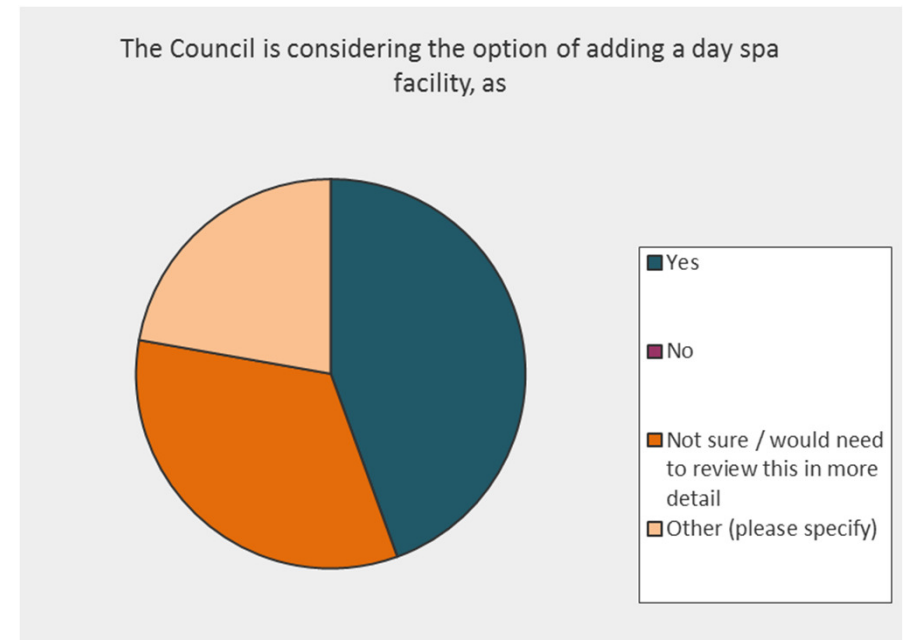
Soft Market Testing Results

During the soft market testing exercise potential operators were asked the following question:

The Council is considering the option of adding a day spa facility. The Council is keen to understand operators views on the inclusion of a day spa within the new centre. In your view do you think this addition would be beneficial to the financial performance of the centre?

The results from operators is summarised below:

Answer Options	Response Percent	Response Count
Yes	44.4%	4
No	0.0%	0
Not sure / would need to review this in more detail	33.3%	3
Other (please specify)	22.2%	2
	answered question	9
	skipped question	0



4 out of the 9 respondents feel that the inclusion of a day spa within the new centre would be beneficial to the financial performance of the new centre. Three of the operators feel that they need to review this proposition in greater detail.

One stated that it would be beneficial if operated by an operator with Spa experience and a specialist Spa team.

The existing operator, which also operates the Ramsgate spa does not support the provision of Spa in Dover.

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Conclusions

Conclusions

The conclusions of a review of the Spa Option are as follows.

- The Spa could be accommodated on the site, however it will result in a compromise in the orientation of the building and its location on the site compared to the preferred option (Option C) which excludes the Spa. Options A and B include the Spa but represent a significant compromise in terms of location and orientation within the proposed site.
- The estimated total cost of the project excluding the spa is £22.6m. The addition of the Spa will increase this further to over £24,000,000
- If the facility is as successful, from a usage and revenue perspective, as Ramsgate Spa it could generate sufficient additional revenue to cover the additional capital cost, via prudential borrowing. However, advice from Your Leisure is that Dover is not as strong as a location as Ramsgate and that it is unlikely to generate the same level of income. Therefore, there is a significant risk that the Spa will not generate sufficient revenue to cover the additional capital cost.
- There is no strategic need for a Spa in terms of sport and leisure facility provision in the District. While it can be regarded as a complementary facility, it is a 'nice to have' addition.
- The need and demand for the Spa would need to be investigated further by a specialist consultant. That is likely to delay a decision on the final facility mix by circa 2/3 months. It is likely that an initial market assessment and feasibility study will cost circa £10,000 to complete.
- The addition of the Spa received 'lukewarm' support from operators during the soft market testing exercise, with only 4 out of 9 operators giving initial support to the inclusion of a Spa. This further highlights the potential risk of adding this to the facility mix.

In conclusion, our recommendation is that the addition of a Spa requires further work before a decision to include it can be made (at additional cost to the Council), this is likely to delay progress of the project, with no certainty over whether the outcome of the work will support inclusion of a Spa. If it is added, it is likely to represent a risk in terms of future income generation. It is not a facility with a clearly identified strategic need and, as a specifically designed space, it cannot easily be used for other activities, if it is not viable as a spa.

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