



Redevelopment of the
Fermanagh Lakeland Forum

Full Business Case (FBC) – Executive Summary



Fermanagh & Omagh
District Council
Comhairle Ceantair
Fhear Manach agus na hÓmaí

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1. Introduction

Fermanagh Lakeland Forum (FLF) was built in 1976 and is currently 49 years old. Over the years, several refurbishments and building extensions have been undertaken. The most recent building condition survey indicates that substantial remedial works are required and confirms that the main structure has reached the end of its useful economic life and needs replaced. The building continues to deteriorate, with increasing maintenance costs and the need to replace major items of plant and equipment identified.

The redevelopment of the FLF has been progressing for a number of years and in 2021 Council approved core strategic priorities which the project should achieve, as outlined in Fig 1.1.



Fig 1.1 Strategic Priorities

In February 2023 Levelling-Up Fund awarded £20m towards the redevelopment. In March 2023 Council approved and adopted the recommendations in the Outline Business Case (OBC) to progress the Full Business Case (FBC), submission of a planning application and appointment of an Integrated Consultancy Team (ICT). Council also approved the procurement of an Integrated Supply Team (IST)/ Contractor on a Design and Build (D&B) contract basis, where a cost of the project would be obtained to inform the FBC and the Council in its decision to proceed.

2. Purpose and Layout of a Full Business Case

The primary purpose of an FBC is to provide a comprehensive justification for a proposed project outlining its value, costs, benefits, risks, and resource requirements, ultimately enabling informed decision-making and investment decisions.

In line with HM Treasury an FBC for the redevelopment of the FLF has been developed using a detailed five case model framework, to assess projects across five dimensions, to ensure comprehensive and well-rounded decision-making:

- **Strategic Case** - Establishes the rationale for change and ensures the project aligns with overall strategic objectives and policies.
- **Economic Case** - Focuses on the economic benefits and costs, including return on investment and value for money, ensuring the project is economically sound.
- **Commercial Case** - Examines the commercial viability of the project, including procurement strategies, supply chain considerations, and market conditions.
- **Financial Case** - Assesses the financial affordability and sustainability of the project, including funding sources, costs, and revenue streams.
- **Management Case** - Focuses on the project's manageability, including governance structures, risk management, and delivery plans, ensuring the project can be successfully implemented and managed.

3. The Strategic and Economic Case

Following public procurement and subsequent market return, the build costs for the preferred option has increased. In revisiting the original OBC, it is assumed that the build costs in each of the options would have been impacted by this cost increase. The build cost changes since the preparation of the OBC do not materially change the outcome of the Economic Appraisal.

The case for change presented in the OBC therefore remains valid as the building has outlived its useful economic life and is past the stage of significant investment that will provide value for money. A review of the shortlisted options within the OBC, has reconfirmed that the decision on the Preferred Way Forward (Option B.3) taken by the Council remains. Other options regarding location have been discounted on the basis of lack of availability of an alternative site, cost, ability to obtain planning approval and the ability of any other site to improve tourism potential and permeability to Enniskillen town centre.

Following continued consultation with a wide range of stakeholders there has been no change in the accommodation of the proposed facility; incorporating an 8 lane 25m competition pool, learner pool and splash pad, a 6-court sports hall, a fitness suite and

multi-purpose studios. Associated external works include car parking, a destination playpark, a pump track, cycle and running trails, and a floating pontoon.

Following a competitive tender process, the Council awarded the contract for FLF to John Graham Construction Ltd (GRAHAM) to undertake the Contractor Design Phase and to agree a final contract value. Following a market testing process GRAHAM submitted a contract price for the redevelopment, which was subject to an economic appraisal, along with non-monetary considerations. The economic appraisal concluded, on the basis of monetary and non-monetary benefits, that the project continues to represent Value for Money.

Capital Costs comparison between OBC and FBC is included below, as Fig 1.2.

£'000	<u>OBC</u>	<u>FBC</u>	<u>Variance</u>
TOTAL	54,318	70,000	15,682

Fig 1.2 OBC vs FBC Capital Costs

GRAHAM submitted a contract price of £57.46m for the proposed construction of FLF, [REDACTED]. The increase is a consequence of design complexity and market conditions, largely due to Contractor Price (Increase in design fees, sub-structure, superstructure, M&E services and external works) and Inflation (The BCIS Index Value has increased by circa 8%).

4. The Commercial and Financial Case

Interim provision for sport and recreation, during the proposed period of closure, has been detailed and approved by Council; and includes the use of the former Tourist Information Centre (TIC) as a fitness suite, alternative swimming provision, increased provision in other leisure centres in the district and employment of Community Wellbeing Coordinators at a local level in Fermanagh.

Detailed communication has taken place with staff members in FLF, on an individual basis (and with employee representatives), on their roles during the construction period. At the outset, employees were advised they were placed under the Council's Vacancy Control Procedure and were provided with a suite of jobs available during the interim leisure delivery for the FLF, in other FODC leisure facilities and across the wider Council estate.

The Council contracted GRAHAM on the basis of an NEC4 Option A – Priced Contract with Activity Schedule. The contract includes a break clause between Contractor Design/ Early Contractor Involvement (ECI) Period and the Construction Period. FODC have no obligation to proceed to construction if the Integrated Supply Team's (IST) Final Contract Sum is not deemed affordable.

Project Costs are summarised below in Fig 1.3.

	£000's
Graham Final Contract Sum	57,468
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
Project Cost for Affordability	70,000*

Fig 1.3 Summary of FLF Project Costs

*This includes circa £2,65m of costs incurred since OBC.

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

It is proposed that the FLF project will be funded by a combination of LUF funding, a utilisation of reserves, internal borrowing and external borrowing, as shown within Fig 1.4. The funding of the Capital Project Costs will be subject to ongoing review in line with the funding of the Council's overall Capital Plan and its Capital Financing Requirement.

Redevelopment of Fermanagh Lakeland Forum	FBC (£000)
Total Projected Costs	70,000
Funded by:	
LUF Funding	(20,000)
Reserves	(11,000)
Internal Borrowing	(20,000)
External Borrowing	(19,000)
Total Funding	(70,000)

Fig 1.4 Costs and Proposed Funding Summary

Project specific affordability indicators have been calculated to indicate the impact of the financing costs associated with funding the capital spend on anticipated future Net Revenue Streams of the Council, and by combining the operating costs and financing costs of the project and their net impact on future Council Rates.

Annual financing costs of a maximum estimate of 4.54% (2029/30) charge on Rates will be offset in part by the estimated savings (0.8% on rates) in net operating costs within the operational forecast for the new FLF. This is within current overall Council forecasts.



The project will not directly impact on the ability of the Council to deliver on its service objectives; however, significant capital investment of this magnitude will require efficient and effective contract management. There will be a requirement for review of the Council's Medium Term Financial Plan including reprioritisation and a requirement to identify and dispose of surplus assets to increase capital receipts which can be used to fund capital expenditure. There is a further requirement to maximise all sources of external funding to reduce the extent of borrowing needed to fund this and other capital projects and once the facility becomes operational there will be requirement to maintain an optimum level of subvention required to operate the new facility.

In acknowledging the Medium-Term Financial Risks and constraints which such an investment will place on the Council's wider activities, £70m capital investment is deemed to be affordable.

5. The Management Case

The Council has established a management structure to develop and manage the project in line with Department of Finance Guidelines. Effective processes are in place to:

- Manage change during the project.
- Monitor and measure projected benefits.
- Manage risk.
- Manage the NEC4 contractual arrangements.
- Provide effective post-project evaluation.

As an assurance to the completeness, transparency and veracity of the FBC FODC has employed the Strategic Investment Board (SIB), who undertook a Gate 3 Review in March 2025.

6. Conclusion

This FBC confirms that:

- The project scope and preferred options set out in the OBC remains valid.
- Ongoing management arrangements have been identified to ensure the project's successful implementation.
- The Integrated Consultancy Team (AECOM), acting as Project Manager for FODC has undertaken a Commercial Review of the contract submission by GRAHAM and associated contractual arrangements, which has also been reviewed and approved by FODC's appointed legal representatives. With all factors considered, AECOM acknowledge that the GRAHAM Final Contract Sum is the most economically advantageous option available.
AECOM have recommended that a Project Manager Instruction (PMI) is issued to GRAHAM instructing them to proceed to Stage 2 - Construction, for the value of £57,468,266.10.
- The Financial Case has been independently reviewed by Arlingclose, the Council's Treasury Management Advisory.
- A Gate 3 Review was undertaken in March 2025 by SIB, they have advised that they are satisfied that the FBC is transparent and covers the elements required, for an FBC in terms of Green Book and the 5-case guidance, to allow an informed investment decision to be made by Elected Members.

This proposed redeveloped FLF will be at the heart of a much broader leisure and recreation offering, supporting the Council's wider ambition to encourage people to be more active, more often. In addition, the FLF redevelopment will extend and improve

the unique natural environment creating opportunities for healthy outdoor activities, many of which will be free to use including a destination play park, pump track etc. The positive 'ripple effect' of the FLF redevelopment will increase visitor dwell time in the area and support the broader tourism and economic objectives, as well as focusing on improving physical and mental health outcomes of the wider District community.