

## APPENDIX 2 – COMPARATOR ANALYSIS

Table a) Summary of selected stadium case studies

Case study	Key learning points for City of York Council
Liberty Stadium, Swansea	<ul style="list-style-type: none"> <li>• The stadium build was financed principally through land receipts from an out of town retail park development – together with a small amount of Sports Lottery Funding.</li> <li>• The stadium is owned by the City and County of Swansea.</li> <li>• The stadium is operated by a commercial operator ('FMC'), which is overseen by a stadium management company.</li> <li>• The Council, the Football Club and the Rugby Club each have two Directors on the Board of the stadium management company.</li> <li>• The Council holds a 'golden share' on certain issues. This relates to a long list of detailed points, but covers issues such as appointing a Chief Executive, the ability to hold events, and the treatment of the stadium sinking fund.</li> <li>• Income is apportioned via a complex formula, which holds some relationship with attendances.</li> <li>• The Council is not under that arrangement obliged to financially support the stadium on a revenue basis, nor do they generate significant annual income as a result.</li> <li>• Our consultations suggest that a tripartite arrangement may not be recommended in York. It was noted that the different sporting clubs operate to very different business models (for instance with different regulations, income streams, and variable costs) which make the tripartite approach difficult to maintain in practice. It was also noted that the clubs will always have more in common with each other – in terms of interests and priorities – than they will have with the Council.</li> <li>• The Council has numerous learning points with regards to predictions on business plans, the importance of design, and establishing proper project management. They are happy to continue to share these as the York project develops, but by way of example, this includes giving proper consideration to the impact of items such as test events, fixing an appropriate rental agreement on club shops, 'park and ride', production and design of match day tickets, pouring rights deals, and marketing of premium seats (recommended to sell boxes before selling premier club seats).</li> <li>• The Council noted that their experience of hosting concerts has been mixed. It is possible to make some money on concerts, but the negotiations are typically lengthy and complex.</li> </ul>

	<ul style="list-style-type: none"> <li>• It is recommended that York think long and hard about the question "do we want to do this with these partners?" before entering into a Community Stadium development, given the typically political and unstable nature of sporting clubs (in particular football clubs).</li> <li>• It was also recommended that York should seek to arrive at an arrangement whereby (1) all responsibility for match day operations (including post match clean up) is passed to the clubs under a lease arrangement, with flexible income share arrangements put in place as appropriate, and (2) all responsibility for non match day income and expenditure is retained by the Council.</li> </ul>
Keepmoat Stadium, Doncaster	<ul style="list-style-type: none"> <li>• The total cost of the development was £32 million (c. £2,038 / seat). We understand that Doncaster Metropolitan Borough Council provided £30 million of the funding (some of which was raised via land sales), and the Football Foundation provided £2 million.</li> <li>• The stadium is managed by a 'not for profit' stadium management company (a LLP). The facility is leased to the stadium management company – via a long-term / rent free – by the Council.</li> <li>• Keepmoat plc (a local regeneration and social housing company) paid a reported £1 million for the naming rights of the stadium, suggesting that naming rights could be an important element of the York Community Stadium's funding mix.</li> <li>• The stadium is home to Doncaster Rovers FC (25 year lease to use the stadium), Doncaster Belles, Doncaster Lakers rugby club (also a 25 year lease), and Doncaster Athletics Club. All tenants had their requirements considered during the consultations during the planning stage of the project.</li> <li>• The stadium management company acts as ticket issuer to all tenants – passing 100% of gate money to the clubs, as well as providing all services in exchange for rent. The shared stadium does create some conflicts, but tenants can see the benefits of cross-marketing apparently.</li> <li>• The stadium has a capacity of 20,000 for pop and rock concerts. Vomitories (entrances) are in place to allow bands get their equipment in and out of the stadium easily.</li> <li>• The stadium management company's main revenue streams are: (1) rents from occupier licenses granted to the clubs, (2) the 5 and 7 a side soccer centre and athletics track, (3) the health and fitness suite, (4) sponsorship, car parking and conference facilities, and (5) sponsorship and advertising</li> <li>• However, in October 2007 it was reported that the Council had been asked to double the overdraft it guarantees for the stadium with its bankers, taking its commitment from £500,000 to £1 million. It was reported that the stadium had lost nearly £1 million within six months of opening, primarily due to an over-optimistic business plan – e.g., the five and seven-a-side football pitches, and the health and fitness centre, had failed to attract projected visitors ("although use was increasing"). Also, two major events held at the stadium during the summer of 2007 (i.e., Bryan Adams and Ronan Keating / McFly) lost money due to below expected attendances. In light of this, consideration should be given to merely renting out the York Community Stadium for any similar events to a concert</li> </ul>

	<p>promoter, who then takes on the risk of any loss on the event.</p> <ul style="list-style-type: none"> <li>• The recent trading performance of the stadium also illustrates that even though an arm's length stadium management company was set up to operate the stadium, the Council is still exposed to any operating losses incurred by that company.</li> <li>• A Council report published in 2007 said that the stadium management company would make losses until 2009, then break-even. In October 2007, the Council also enacted other actions to help the stadium management company (in addition to the extension of the overdraft limit), namely interim management support to the stadium management company, strengthened the Council's interface with the stadium management company and monitoring arrangements, help address any areas of non-profitable trading, changes in board membership, and examined the operating costs of the stadium.</li> <li>• The performance of the stadium has improved significantly since 2007. The 2008/9 revenue budget forecasts a loss for the year of £107,000, which is far better than the early years of trading. In light of this, the Council agreed to extend the £1 million overdraft facility until 31<sup>st</sup> March 2010.</li> </ul>
<p>Crawley Broadfield Stadium</p>	<ul style="list-style-type: none"> <li>• The Football Club has had a presence in the town for 100 years and was previously based on a town centre site – on which it paid a peppercorn rent of c £2,000 each year.</li> <li>• There is a long history – up to the 1990s – of various loans from the Council to the Club, which have eventually been written off as bad debts.</li> <li>• A development consortium led by Frogmore came to the Council in 1993 with a proposal for a leisure complex, which necessitated relocation of the Football Club.</li> <li>• Note that the leisure complex has been considered highly successful as a civic resource and attracts in the region of 2 million to 3 million visits per annum.</li> <li>• The stadium development was financed through a capital receipt associated with the development of the leisure complex.</li> <li>• The Taylor report was a factor in influencing the scale and specification of the stadium – although it is noted that an upgrade of 1,000 seats and upgraded floodlighting would be required in the event of promotion to the Football League.</li> <li>• The stadium has income generating facilities – in particular a function suite and 5-a-side pitch.</li> <li>• The stadium is owned by the Council and leased to the Football Club.</li> <li>• The detail of those arrangements has varied on a regular basis since the stadium was built – in which time the Football Club has had four owners and gone into administration several times. Under certain arrangements the Council has entirely managed the stadium</li> </ul>

	<p>and charged the Football Club a rent plus a contribution to cover running costs. Under other arrangements, the operation of the stadium has been handed back to the Football Club – typically once the Council trusted the owners to maintain and manage to an appropriate standard.</p> <ul style="list-style-type: none"> <li>As a result of instability and administrations at the Football Club, the Council has several times lost out on rent payments. York were advised to note the trend amongst Blue Square Premier League clubs for running up financial deficits, going into administration, accepting a points penalty at the beginning of the season and repeating the cycle – three or four Blue Square Premier League clubs are currently believed to be on the verge of administration.</li> </ul>
Princes Park Stadium, Dartford	<ul style="list-style-type: none"> <li>The stadium cost c. £7.5 million, which included the cost of the full size 3G synthetic pitch (which alone had a cost of £605,000 before site preparation and ground works). The stadium has a capacity of 4,100, of which 642 is seated.</li> <li>The capital cost of the stadium was funded by Dartford Borough Council (out of their reserves).</li> <li>There was a major focus on sustainable design. The stadium is described as one of the most sustainable sports stadia in the UK – e.g., it has solar panels, green roof, under floor heating, high levels of insulation, low energy lighting, etc.</li> <li>The Council managed the stadium procurement process themselves (i.e., they produced the development brief, went out via OJEU for the design team, employed the project manager, worked with the architects who drew up the planning application, went out to tender for the building contractor, etc.). The project was procured under a design and build contract.</li> <li>The Council leases the stadium to Dartford Football Club on a 25 year lease where the football club is responsible for repairs and maintenance, and insurance. The lease includes responsibility for the 3G community pitch. The football club therefore receives all income from the stadium and pitch.</li> </ul>

**Table b) Summary of findings from comparator exercise**

Stadium	Capacity	Sports teams	Facilities and services provided	Original Capital cost (£ m)	Cost / seat	Funding sources
Pirelli Stadium, Burton	6,068 (of which 2,034 seated)	Burton Albion Football Club (Blue Square Premier League during 2008/9)	<ul style="list-style-type: none"> <li>▪ One main (seated) stand and three stands of terraces</li> <li>▪ 9 executive boxes</li> <li>▪ 300 capacity function room</li> <li>▪ Youth training facilities</li> <li>▪ Activity centre for children</li> </ul>	£6.5	£1,071	<ul style="list-style-type: none"> <li>▪ Part funded by Burton Albion Football Club's sale of Eton Park (their previous ground) - c. £6 million was raised from the sale of that site (the Eton Park site was then used for residential development)</li> <li>▪ Grants from the Football Foundation and other sporting bodies</li> </ul>
Colchester Community Stadium	10,000	Colchester United Football Club (Coca Cola League 1 during 2008/9)	<ul style="list-style-type: none"> <li>▪ 24 executive boxes</li> <li>▪ Two 5-a-side pitches</li> <li>▪ Training and conference centre (400 delegate capacity)</li> <li>▪ Office accommodation (for Colchester United Football Community Trust)</li> </ul>	£14.0	£1,400	<ul style="list-style-type: none"> <li>▪ Colchester Borough Council (£10m via prudential borrowing)</li> <li>▪ Football Foundation Stadia Improvement Fund (£2m)</li> <li>▪ East of England Development Agency (£1m)</li> <li>▪ Department for Communities and Local Government (£1m)</li> </ul>
Liberty Stadium, Swansea	20,520	Swansea City Football Club  Ospreys Rugby Union Club	<ul style="list-style-type: none"> <li>▪ 9 conference and function rooms (with dedicated conference reception area)</li> <li>▪ 29 executive boxes</li> <li>▪ 780 car parking spaces</li> </ul>	£32.0	£1,580	<ul style="list-style-type: none"> <li>▪ Financed primarily by the City and County of Swansea Council through land receipts from an (355,000 sq. ft.) out of town retail park development</li> <li>▪ Small amount of Sports Lottery funding</li> </ul>

Keepmoat Stadium, Doncaster	15,700	Doncaster Rovers Football Club  Doncaster Belles Ladies Football Club  Doncaster Rugby League Club  Doncaster Athletics Club	<ul style="list-style-type: none"> <li>▪ 8 conference and banquet rooms</li> <li>▪ 16 executive boxes</li> <li>▪ 'Soccer Centre' (with 8 five a side pitches, 3 seven a side pitches, and 1 third sized pitch; all floodlit)</li> <li>▪ Private health &amp; fitness club</li> <li>▪ Six-lane athletics track and 500 seat stand (located adjacent to the main stadium)</li> <li>▪ Car parking for 1,000 cars (£5 charge on match days)</li> </ul>	£32.0	£2,038	<ul style="list-style-type: none"> <li>▪ Doncaster Metropolitan Borough Council provided £30m (some of which was raised via land sales)</li> <li>▪ Football Foundation Stadia Improvement Fund (£2m)</li> </ul>
Halliwel Jones Stadium, Warrington	14,000 (of which 7,000 seated)	Warrington Wolves Rugby League Club (Super League during 2009)	<ul style="list-style-type: none"> <li>▪ Conference and banquet suite (500 capacity)</li> <li>▪ 10 executive boxes</li> <li>▪ Primary Care Trust facility (focused on poor health prevention, and promoting healthier lifestyles)</li> </ul>	£12.0	£857	<ul style="list-style-type: none"> <li>▪ Commercial development involving a Tesco food store on the previous Carlsberg-Tetley Brewery site</li> </ul>
Princes Park Stadium, Dartford	4,100	Dartford Football Club (Rymans Football League Premier Division during 2008/9)	<ul style="list-style-type: none"> <li>▪ 2 conference and banquet rooms (200 capacity in total)</li> <li>▪ Full size Astro turf pitch is located adjacent to the main stadium (available for community use)</li> <li>▪ Focus on the environmental sustainability of the building (e.g., solar panels, reclaiming rainwater, etc.)</li> </ul>	£7.5	£1,829	<ul style="list-style-type: none"> <li>▪ Financed by Dartford Borough Council (out of their existing reserves)</li> </ul>
Crawley Broadfield Stadium	4,800 (of which 1,000 seated in the main stand)	Crawley Town Football Club (Blue Square Premier League during 2008/9)	<ul style="list-style-type: none"> <li>▪ Function suite (160 capacity)</li> <li>▪ 4 catering kiosks for spectators</li> <li>▪ 7-a-side all-weather pitch ('Sporturf' brand)</li> </ul>	£5.2	£1,083	<ul style="list-style-type: none"> <li>▪ Financed by Crawley Borough Council via a capital receipt associated with a new leisure development</li> </ul>

## **Case Studies Innovative Approaches**

### **Preston North End: Cost effective stadium design and PCT Partnership**

There are of course many other examples of stadia which incorporate the types of community facilities included in the above table. These include Deepdale Stadium (the home of Preston North End Football Club). Preston North End Football Club currently plays in the Football League Championship. The present capacity of Deepdale is 24,000. The average gate in 2007/8 was 12,647 (i.e., 53% of capacity). This compared to an average gate in the whole FLC during 2007/8 of 17,024). The stadium is owned and operated by Preston North End FC.

The stadium has undergone significant redevelopment since the mid-1990s. Each of the 'old' stands has since been replaced, the most recent of which – 'the Invincibles Pavilion' (with 4,000 seats and 24 corporate boxes) cost c. £10 million to build (i.e., £2,500 per seat), but this included the cost of the Primary Care Trust health centre which is housed within the stand. The Invincibles Pavilion opened in 2008. The Invincibles Pavilion has a 24,000 sq. ft. Primary Care Trust health centre for local residents needing continuous or long-term care within it (called 'the Minerva Health Centre'). The Centre is located on two floors within the stand. The PCT has a 25 year lease from the football club. The total rent per year is £368,200 (or £15 per sq. ft). For this, the Centre also gets use of 256 car parking spaces until 5pm each day, but when matches are on they have access to 15 spaces. The PCT's rationale for the health centre was based on its desire for a long term conditions centre in Preston, as Preston has above national average levels of diabetes, coronary heart disease and respiratory disease, and health needs analysis identified the incidence of long-term conditions as one of Preston's major health inequalities. On the ground floor, there is a Lifestyle Centre and cafe open to everyone not just patients. It is envisaged that 800 patients each week will attend the centre, and that c. 130 staff will operate from it.

Deepdale Stadium is also home to the National Football Museum. This was developed by and is operated by a charity. Following a development cost of c. £15 million (of which Heritage Lottery Fund provided £9.3 million), the attraction opened in 2001. The attraction had financial challenges during its early years of trading. In 2003, NWDA gave a grant of £2 million to the museum to allow it to acquire its lease from the football club. The attraction also benefited from £300,000 of revenue funding from the Football Foundation, on the basis that the museum made access 'free for all'. In 2006/7, the museum attracted 105,000 visits. It is a DCMS sponsored museum receiving a £100,000 revenue grant each year from the DCMS. Although a football themed museum / visitor attraction clearly adds to the 'destination appeal' of stadia (e.g., generating additional footfall and generally raising the profile of the stadium), care should be given before considering a football based museum at the new Community Stadium in York, primarily

because of the likely capital costs and the apparent need for on-going revenue funding, particularly if the attraction is operated as a charitable trust (as in the case of the National Football Museum in Preston).

Sheffield United, Bramhall Lane: Business Centre and hotel:

An example of a football club which has generated additional income streams within a relatively tight land area around an existing ground is Sheffield United. Sheffield United's Bramall Lane ground has also incorporated a range of ancillary facilities which have been developed to generate non-match day income, including serviced business accommodation centre ('Blades Enterprise Centre') and a new hotel, as discussed previously in this chapter. The Blades Enterprise Centre opened in 2002. It provides 40,000 sq. ft. of serviced office space and conference rooms to local businesses. Room sizes range from 100 sq. ft. to 2,000 sq. ft.

#### ***Dartford ( Prince's Park):Sustainable Development***

The stadium cost c. £7.5 million, which included the cost of the full size 3G synthetic pitch (which alone had a cost of £605,000 before site preparation and ground works). The stadium has a capacity of 4,100, of which 642 is seated. The capital cost of the stadium was funded by Dartford Borough Council (out of their reserves).

There was a major focus on sustainable design. The stadium is described as one of the most sustainable sports stadia in the UK – e.g., it has solar panels, green roof, under floor heating, high levels of insulation, low energy lighting, etc. The Council managed the stadium procurement process themselves (i.e., they produced the development brief, went out via OJEU for the design team, employed the project manager, worked with the architects who drew up the planning application, went out to tender for the building contractor, etc.). The project was procured under a design and build contract.

The Council leases the stadium to Dartford Football Club on a 25 year lease where the football club is responsible for repairs and maintenance, and insurance. The lease includes responsibility for the 3G community pitch. The football club therefore receives all income from the stadium and pitch.

#### ***Swansea (Liberty Stadium): Management arrangements***

The stadium build was financed principally through land receipts from an out of town retail park development – together with a small amount of Sports Lottery Funding. The stadium is owned by the City and County of Swansea.

The stadium is operated by a commercial operator ('FMC'), which is overseen by a stadium management company. The Council, the Football Club and the Rugby Club each have two Directors on the Board of the stadium management company. The Council



holds a 'golden share' on certain issues. This relates to a long list of detailed points, but covers issues such as appointing a Chief Executive, the ability to hold events, and the treatment of the stadium sinking fund. Income is apportioned via a complex formula, which holds some relationship with attendances. The Council is not under that arrangement obliged to financially support the stadium on a revenue basis, nor do they generate significant annual income as a result.

Our consultations suggest that a tripartite arrangement created complications. It was noted that the different sporting clubs operate to very different business models (for instance with different regulations, income streams, and variable costs) which make the tripartite approach difficult to maintain in practice. It was also noted that the clubs will always have more in common with each other – in terms of interests and priorities – than they will have with the Council. More detailed analysis of the management and governance issues relating to the project are set out in the appropriate Annex.