

Executive

Report of the Director of City Strategy

Community Stadium – Update Report

Summary

1. The purpose of this report is to provide the Executive with an update on the progress of the Community Stadium project.
2. The project is on track and proposals with options to take the project forward will be reported to the Executive by July 2010.
3. The feasibility work is being finalised and a range of options is being tested. Development appraisals for the most appropriate sites and uses are underway. The project will have a major capital cost, however the feasibility work has identified an opportunity to lever-in significant funds from commercial development. This may provide the funding required to deliver the stadium, the wider community benefits and the future of the City's professional sports clubs.
4. Due to the commercial sensitivities of this work it is not possible at this stage to provide specific details regarding sites, costs and uses. This might jeopardise the interests of the council and its partners, as well as the successful delivery of the project.

Background

5. An Outline Business Case which established the vision of a hub of sport, well-being and learning was considered by the Executive on 23rd July 2009. It was agreed that more detailed feasibility be commissioned to develop a robust and deliverable proposal. The following principles have been established to provide a framework as the project's scope is developed:
 - A shared stadium for York City and York Knights to meet minimum league requirements.
 - A replacement athletics facility to a minimum of county standards (not inside the main stadium).
 - A location that maximises access opportunities for the people of York, the wider region and its visitors.
 - A facility that maximises community use including sport, education and health / well-being.
 - A viable business venture which is commercially sustainable.

- An environmentally sustainable development.
6. It is in its capacity as a community facilitator that the Council is leading this project to improve the range and accessibility of sports / well being facilities and assist York City FC to secure its future. The Council has identified the project as a corporate priority and has allocated resources to assist in its delivery.

Project Progress

7. This is a complex development project that has now reached an important stage in the feasibility. This work is almost complete, but it is not yet possible to draw all the strands of the feasibility together. Due to the commercially sensitive and confidential nature of certain elements, it is not prudent to provide specific details. This information may prejudice the Council's and its partners' position and the ability to develop the most cost effective and beneficial option. The information below summarises the work currently underway. A chronology of key actions that have been undertaken since the Executive last consider a report regarding the project is provided in Annex 1.

Need Analysis

8. A full needs analysis has been undertaken for each of the potential component uses identified in the Outline Business Case. These have been assessed and considered in terms of priority, cost benefit and deliverability. The key areas identified were:
- The size, capacity, format and design of the stadium. Detailed analysis of stadia across the country. Performance of similar teams. Demographic profile of the town / city. Scope for growth and supporter bases etc. The findings have been discussed with the key stakeholders and consideration given to the entry requirements for higher league status. Both teams favour a mix of seats and terracing. This will likely have a minimum capacity of 6,000 which is capable of being extending up to 10,000 if required. There is no support for an athletics track inside the stadium. Plans are now being finalised for the high level design of a core stadium.
 - Design and extent of hospitality and support uses within the stadium. A study has been undertaken assessing the need, design and size of executive boxes, hospitality and other support areas. The objective is to maximise the generation of match-day and non-match day use and income. Scope to utilise these areas for non-match day use is being examined, particularly for training, development and small scale conferencing.
 - Community health and well-being uses. The opportunity exists to provide a range of health services as part of the stadium, benefiting from the synergies with sporting uses, the profile of the professional sports clubs and the improved accessibility. These ideas develop models that have been used across the country for uses such as physiotherapy, podiatry, rehabilitation, strength and conditioning, long-term health conditions,

inequalities and weight management etc. Discussions are continuing with the PCT, Hospital Trust and York Health Group.

- Community sports facilities. The outline business case identified a need for an athletics track, 3G (Astroturf) and grass sports pitches and closed circuit cycling. Drawing on the objectives set out in the Council's sports and leisure strategic plan, detailed demographic and market analysis has been undertaken, backed up by discussions with relevant governing bodies and sports groups to finalise a mix of community sports facilities that would make an effective hub or sports village.
 - Education, learning, training and skills development: Initial discussions with York St John's University and other educational providers have been developed to look at the potential of creating a 'sports institute' as part of the stadium. There are powerful synergies between the professional sports clubs and health uses; particularly physiotherapy, strength and conditioning, creating the potential for research and educational placements. Options for multi-use learning space and seminar rooms is strongly supported by city schools and colleges.
 - Ancillary commercial uses: Additional commercial activity is required to subsidise non-profitable elements of the project and ensure full community access. Demand for commercial office space, hotel provision and other associated commercial uses has been analysed on a site specific basis. Further market testing is taking place and a schedule of options is being prepared. The potential to incorporate a number of public sector, blue light and CYC uses is also being further considered. As a package these have the potential of offering a valuable commercial covenant that will increase market interest in the wider scheme and enhance its deliverability.
9. The findings from this needs analysis are being assessed on a site specific basis. A draft proposal will be formalised which will inform the cost benefit and options appraisal exercise.

Site Selection and Development Appraisal

10. A study of stadium uses and designs has been undertaken, which examined how community and commercial uses can be effectively accommodated together. A template was developed identifying the land required and then applied to each potential site as part of the selection exercise. A long-list of sites has been identified from principal areas of search across the City. These sites have been assessed against key planning issues including:
- Primary and secondary policy constraints and considerations (visual impact, green belt, flood zones, nature conservation, residential amenity).
 - Access to other community facilities.
 - The ability to accommodate enabling development and whether it is deliverable (essentially complexity, timescale and cost).
 - Accessibility and the potential for sustainable travel policies for a stadium and its supporting uses.

11. The starting point of this exercise is to assess whether the project can be provided at one of the existing facilities (either Huntington Stadium or Bootham Crescent). Options such as; improving stands on a piecemeal basis, redeveloping the grounds completely and providing the new stadium on either site are being considered. Opportunities that may arise from the development of adjacent sites is also be explored. Each of the existing stadium sites have considerable constraints and funding limitations, thus the site selection exercise has been extended across the City. This performs the 'sequential test' that is required by national planning policy guidance. It ensures all options are fully considered and can be carefully balanced against one another, to identify the most sustainable and deliverable solution.
12. To achieve all the potential community facilities identified in the need analysis a large site is required. York has few such sites that fall within the existing developed area. Careful consideration is being given to the benefits of providing all the facilities on one site, against the availability and impact of developing such a site. Although less desirable, options for delivering certain elements (e.g. athletics and some of the outdoor sports uses) at a different location are being considered as a fall-back position.
13. The stadium and associated community facilities will have a considerable capital cost. A detailed study analysing relevant planning decisions has been undertaken. In certain circumstances, funding has been provided by commercial development that, under normal circumstances, would not be allowed. In making the decision, the Secretary of State has concluded this to be the only realistic means of funding the project and securing the clubs' future on the basis that they played an important cultural role in the community.
14. Thus, establishing the commercial viability and deliverability of each site is of critical importance. Once the initial short-list was established, high-level development appraisals were undertaken. The options have been tested with a range of developers and operators and their feedback has informed a more detailed and focused exercise which is currently underway.

Environmental Sustainability

15. Feasibility work has been commissioned to assess the potential for this to be an 'Eco-Stadium'. A sustainability and energy assessment has been undertaken which examines different technologies, cost, potential financial and carbon savings, potential available renewable energy, commercial viability and other benefits. The assessment specifies the types and number of sustainable elements which should be considered as part of the future detailed design and energy systems.
16. The report concludes that a range of green technologies could be successfully incorporated into the development that would reduce CO₂ output and maximise the amount of renewable energy that could be generated. A site specific sustainability and energy assessment is now underway. This will consider issues including options for funding, feed-in-tariff impact and the role of Energy Service Companies (ESCOs) may play.

Strategic Fit and Economic Impact

17. A study has been undertaken which considered how qualitative and quantitative outputs affected and fulfilled the strategic ambitions and priorities; identified needs of the City, region and key public sector organisations.
18. The project will have a significant positive impact on the City's economy, however this will be entirely dependent on the scope and nature of the final proposal. The more associated commercial development the greater the impact. An Economic Impact Assessment has been undertaken and this will be updated and refined on a site specific basis once the proposals are finalised.
19. Initial analysis shows that the stadium can achieve a number of potential wide-ranging benefits. These have been grouped into 7 strategic themes and are shown in the table below which considers the range of uses that may be included in the project. The more community facilities and economic activity included in the project the greater the range of outputs, contribution to the city's strategic framework and benefits to the wider community. Obviously there is a direct effect of increased cost to the delivery of these outputs.

Strategic Theme	Potential Stadium Outputs	
Thrive	<ul style="list-style-type: none"> • Job creation • Hotel provision • Office space provision • Targeted recruitment and training 	<ul style="list-style-type: none"> • Learning, training & skills development • Conference/Exhibition facilities • Support & promotion of resident & visitor economy
Sustainability	<ul style="list-style-type: none"> • Low carbon building • Leading by example • Waste reduction • Increase recycling 	<ul style="list-style-type: none"> • New green technologies • Re-useable energies • Accessible by green forms of transport • Built with sustainable materials
Safety	<ul style="list-style-type: none"> • A base for blue light services • Community hub & centre 	<ul style="list-style-type: none"> • Closed road cycling • Promotion of community engagement
Learning	<ul style="list-style-type: none"> • Learning, training & skills • Reduction in number of NEETs 	<ul style="list-style-type: none"> • Non-traditional educational setting • Student learning /syllabus contribution
Inclusive	<ul style="list-style-type: none"> • Potential location in area of deprivation • Community hub/centre • Accessibility to all 	<ul style="list-style-type: none"> • Volunteering opportunities • Community sport • Tackle health inequalities
Culture	<ul style="list-style-type: none"> • Community sport • Sports village • Improved sports & active leisure facilities • Professional sport 	<ul style="list-style-type: none"> • Promote a sporting culture • Events & hospitality facilities • Encourage & increase volunteering • Conference/exhibition facilities
Health	<ul style="list-style-type: none"> • Health service provision • Hub of well being • New pathways into sport & active leisure 	<ul style="list-style-type: none"> • Easy access to health services • Encourage sport participation • Address health inequalities

External Funding Assessment

20. Discussions with relevant funding agencies have yielded a positive initial response. Yorkshire Forward and European funds may be accessed for the sustainability and skills elements. Funds will also be available for some of the

sports uses through Sport England and the relevant National Governing Bodies. The educational, learning, skills and training uses offer scope to access other funding pots.

21. Research in to the eligibility of funding criteria shows that there is a stronger case for funding where a wider range of outputs can be delivered and a commercially sustainable business case exists. It is currently too early in the project to either make bids or secure funding. Many of the potential funds identified run to specific timeframes which do not align with current timetable.

Procurement and Timescale

22. A number of procurement routes are being considered as part of the options appraisal, however as this is a council led project it is likely that the any development will fall within the European Procurement regulations. For a project of this complexity the Competitive Dialogue process will probably be used which will take 16 to 18 months. Dependent on the complexity of the land assembly arrangements and number of sites involved, this timeframe may need to be extended.
23. With all procurements of this nature, the more certainty that exists when the process is started, the greater the chance of achieving the desired outcome and most cost effective solution. A number of key requirements will need to be in place before the procurement process begins. Clarity regarding land assembly and planning issues are crucial. To this end the Council may need to consider Compulsory Purchase Order powers to ensure the project can be successfully delivered. Also, approved planning briefs will be required to support the process.
24. A key milestone in the project is the end date for an application to the Football Foundation for the Stadium Improvement Grant. Failure to make an application by May 2012 could seriously jeopardise the future of the club.

Next Steps

25. The feasibility work is in the process of being finalised and site specific development / planning appraisals are being undertaken. More focused market testing is underway with developers, operators and other interested parties. Discussions and negotiations have been initiated with relevant land owners. Once the results of these exercises have been drawn together a detailed options appraisal will be undertaken to identify the risks and opportunities.
26. A draft Memorandum of Understanding (MOU) has been distributed to all key partners. This sets out the head of terms that will act as the basis of the development and operation of the stadium, the relationship between the relevant partners and how costs will be appropriated. The partners have signed up to an 'open book accounting' approach. This will enable each party to share financial information and ensure the project progresses in the spirit of true partnership.

27. It is not possible to be precise as to when this process will be complete, due to the complexity of some of the land assembly issues and the timing of the forthcoming general election. However, the project is on track and a report will be brought to this Executive by July 2010 as agreed at the meeting of 23rd June 2009.

Options and Analysis

28. This is primarily an update report informing Members on the progress of the Community Stadium project.

Corporate Priorities

29. The provision of a new community stadium for the City is a priority action in the Corporate Strategy 2009-2012 which states: "We will develop proposals to complete the building of a Community Stadium for the City that will provide high quality sport recreation and other community focused opportunities." It is also identified in Active York's 'Sport and Active Leisure Strategy' which was signed up to at the Leisure and Heritage EMAP in June 2005. The facilities section of this strategy was updated in May 2007.
30. As set out above in the Strategic Fit section, the project has the potential to deliver significant outputs that will contribute to the wider objectives of the Corporate Strategy, the Sustainable Community Strategy, Strategic Partnership and key organisations across the City and region.

Implications

Financial

31. This project currently has both a revenue and capital budget allocation. £200K has been committed from the Local Authority Business Growth Incentive at the Staffing and Urgency Committee in May 2008. A further £100K was allocated at the Council meeting of 7 July 2009. These funds will cover the revenue costs of the project up to July 2010.
32. As part of the 2009/10 budget process a capital budget of £4,000k was approved in February 2009. The Football Foundation have indicated that a grant of £2,000K will be available if a satisfactory application is received by May 2012. York City Football Club has also pledged to contribute an additional capital contribution. Depending on the relevant circumstance other potential partners may bring a mixture of capital and revenue.
33. A draft financial model has been developed which estimates the potential capital and revenue costs of the project. It highlights the cost effectiveness of different options and mixes of use. The assumptions required to develop the model are currently being used as a starting point to consider different operating mechanisms for the stadium.
34. The successful delivery of the project relies on the identification of an appropriate site that will be able to generate sufficient additional capital and revenue to deliver a commercially sustainable facility.

Equalities

35. Consideration is being given to the impact the project will have on equalities. As part of the detailed feasibility study the Social Working Inclusion Group was encouraged to comment on the project at an Equalities Impact Assessment Fair. An Equalities Impact Assessment will be required once a site and proposal has emerged.

Risk Management

36. There are a number of risks associated with this project that have been highlighted through the work that has been undertaken to date. The purpose of this report is to update the Executive on the progress of the project so far and is not intended to provide a means of mitigating any of the key risks. Detailed work will be undertaken as the business case is developed to identify risk and consider options for their mitigation. A detailed analysis of these risks will be provided as part of the next report to the Executive.

Legal – There are no legal implications at this stage.

Human Resources – There are no implications.

Crime and Disorder – There are no implications

Information Technology – There are no implications

Property – There are no implications at this stage

Recommendations

1. That the Executive note the progress made on the Community Stadium Project to date.
2. That the Executive agree with the approach set out, to continue with the detailed feasibility work and preparation of the business case and to further explore potential partnerships to achieve wider community benefits.
3. That a report summarising the business case be reported to the Executive by July 2010.

REASON: To update Members on progress on the project.

Contact Details

Author:	Chief Officer Responsible for the report:			
Tim Atkins Community Stadium Project Manager City Strategy 01904 551421	Bill Woolley Director of City Strategy 01904 551330			
	Report Approved	✓	Date	4 February 2010
	Report Approved	tick	Date	Insert Date
Wards Affected: <i>List wards or tick box to indicate all</i>				All
				tick
For further information please contact the author of the report				

Annex 1 – Key strands of work undertaken since June 2009