

Annex 13: Management / Operating model

Stadium Management and Operating Issues

1. It is possible the operation of the stadium could be included as part of the procurement (design, build and operate). Thus a more detailed consideration of these issues are covered in the main body of the report.
2. A detailed review of the options and issues surrounding the operation of the stadium was undertaken as part of the outline business case. It was clear that the costs of running the stadium were a significant risk to the financial sustainability of the overall project. It modelled costs to set up and operate a stadium management company. This option is more cost effective the greater the size of the operation. However, for the stadium only option and stadium with limited community sports facilities the overheads were significant.
3. Further feasibility has concluded the most cost effective option for the stadium's operation would probably be a management contract. This is similar to the arrangement that the Council has with Nuffield to run Waterworld. There would need to be sufficient commercial opportunity in the contract to make it attractive. It may prove less cost effective for a core stadium only option with limited additional commercial activity.
4. The advantages of the management contract is that it will limit the operating costs and bring expertise in running such facilities, including catering / facilities management etc. Community sports elements can also be included. The disadvantage is that another company will take a greater share of any profits generated. However, it comes with a significantly lower risk. In many instances, any potential profits made would be mitigated by the additional costs and overheads associated in running a stadium management company.
5. The exact costs / arrangements will not been known until the market has been tested. The most effective way to do this would be to include the operation of the stadium as part of the procurement. This would be essential as part of a concession, but also desirable as part of a Competitive Dialogue. Thus we would be seeking a developer and operator.
6. For a stadium only option, it may be more appropriate to consider an operation by the principal tenants, particularly if the there was few additional parties involved and minimal commercial activity. This would need to be undertaken by agreement between the Rugby and Football Club. Evidence suggests that such arrangements may lead to conflict, however it does offer a very cost effective solution if agreement can be reached.