

27 September 2018

Executive

Report of the Deputy Chief Executive/Director of Customer and Corporate Services

Portfolio of the Executive Member for Culture, Leisure & Tourism

Community Stadium & Leisure Facilities Update Report

Summary

1. The purpose of this report is to update the Executive on the progress of the Community Stadium and Leisure Facilities Project (“Project”) since the last Executive report presented in October 2017.
2. In doing so this progress report sets out an up to date position on the following:
 - A construction progress update on the York Stadium Leisure Complex (“YSLC”);
 - Updates on the latest position with all Community Partners and Sport Clubs. This includes a recommendation to provide further financial support to York City Knights RLFC (“YCK”) first team arrangements for the coming Rugby League season;
 - An updated Project timetable, now that YSLC construction has commenced.

Recommendations

3. The Executive are asked to:
 - a) Approve the proposed YCK financial support towards first team playing arrangements at Bootham Crescent, as set out at table one of this report, amounting to Council financial support payable up to a net cost of £30,000 for the 2019 Rugby League season, up until the new Stadium is operational, paid from the existing Project budget;

b) Note the overall contents of this report and the significant progress made since the last report brought to Executive in October 2017.

Reason for recommendations: To ensure continued progress of the Project.

Overall Project Update:

4. Major milestones have been achieved on the Project since the last full Project report brought to Executive in October 2017. In this time updates on the Project have been provided within Capital Monitor reports to the Executive.
5. As was widely reported at the time, on the 16th November 2017 the Council entered into a minimum 13 year Design, Build, Operate and Maintain Contract (“DBOM Contract”) with Greenwich Leisure Ltd (GLL).
6. This milestone enabled the Project to move forward to its next major phase. Construction works to the YSLC commenced from December 2017, with GLL also taking over operational control of Existing Leisure Facilities, Energise and Yearsley Swimming Pool, at this time.
7. YSLC construction works are on programme, with all construction works scheduled to be complete by May 2019. Subsequent end user fit out, mobilisation periods and Stadium licensing test events will be required before an opening of the New Facilities from July 2019.
8. The Project by its conclusion will have helped deliver:
 - Regional standard athletics facility at Heslington West Campus – Successfully opened summer 2015.
 - Long term training arrangements for YCK at York St John’s University Haxby Road sports complex.
 - New long term leisure contract – GLL now operating and maintaining Energise and Yearsley Swimming Pool.
 - York Stadium & Leisure Complex – Location of the New Stadium but with so many more other leisure and community facilities present, including new swimming pools, gym, sports hall, Community Hub, NHS outpatient services and many more.

- YSLC associated commercial offer – Regions first Cineworld IMAX Cinema, up to 5 restaurants, retail and further leisure offers.

York Stadium Leisure Complex

9. The main construction works to the YSLC commenced in December 2017 and are now well under way. Construction progress to date has been significant and has included:
 - All building foundations complete;
 - Steel frame complete on the entire Leisure Building, Stadium main East Stand and West Stand;
 - The main swimming pool and learner pool have been constructed;
 - Internal block work has commenced within the Leisure Building;
 - External cladding has started to the Leisure Building.
10. Annex A to this report provides a wide selection of recent construction site progress images.
11. Major upcoming construction milestones on site will see:
 - External cladding and glazing to start on Stadium main East Stand;
 - Completion of the steel frame on the North Stand;
 - South Stand foundations to be completed;
 - Leisure Building external cladding and glazing wrap to be completed to become first water tight building on site.

Stadium Operator

12. GLL have now entered a formal legal agreement with the Stadium Operator. The Stadium Operator selected is York City Football Club (YCFC) who currently operate Bootham Crescent, YCFC have set up a specific company to operate the Stadium.
13. GLL will be responsible for the overall management of the YSLC site and the direct management of the Community Hub, the New Leisure Facilities and associated assets under the terms of the DBOM Contract.

14. The principle role of the Stadium Operator will be the day to day operation of the Stadium (excluding hospitality and catering areas), duties including:
- Ensure the Stadium holds all required safety / licence certificates at all times;
 - Pitch maintenance and preparation for all games;
 - Cleaning responsibilities within the Stadium;
 - Managing all ticketing functions for the Stadium, from the ticket office, to online ticket sales;
 - Match day stewarding and car parking management;
 - Maintenance and repair responsibilities within the Stadium, to the extent of the Stadium Operator's demise under their operating agreement.
15. For clarity both YCFC and YCK already have independent Match Day Agreements through the form of lease agreements with the Council for their long term occupation at the Stadium.

Stadium Caterer

16. The March 2016 Executive report outlined that GLL would appoint an external caterer to provide the catering at the YSLC, in particular the catering for the Stadium hospitality lounges.
17. Since such time GLL have expanded as a company and now hold their own catering division and cafe brand which they have already rolled out nationally at applicable leisure centres and venues.
18. GLL have therefore reviewed their position at the YSLC and are no longer to appoint a catering sub contractor but will instead deliver all catering requirements of the DBOM Contract themselves. This will include GLL providing catering services at the cafe in the Community Hub, concession food & beverage outlets in the Stadium concourses and the catering in the Stadium hospitality lounges for all events.

Counter terrorism design review

19. Inline with ongoing wider Council reviews, Officers have conducted a recent counter terrorism design review on the YSLC. This latest review built upon previous advice and reviews conducted by the

Counter Terrorism Unit (“CTU”) and North Yorkshire Police as part of the 2015 planning approval for the YSLC scheme.

20. CTU reviews assess sites and categorise them into three tiers; Tier 1 being most vulnerable down to Tier 3 which are deemed a lower risk. The findings of the latest CTU review have shown that the YSLC remains categorised as a Tier 3 site and as such a low risk. This compared to other York destinations such as York Minster and the race course which are categorised higher than Tier 3.
21. As a Tier 3 site only generic recommendations for improvements to sites are provided by the CTU, these are not mandatory or enforceable changes.
22. No special measures were in place at the old Huntington facility or currently at Bootham Crescent, with both sites again considered Tier 3. Consultants engaged have also noted other, much bigger and higher risk, sport clubs/grounds have sought preliminary studies and to date have not implemented any physical site changes.
23. Neighbouring landlords to the YSLC have confirmed they are not progressing any design alterations or site changes following their own counter terrorism assessments. Without this any changes made on the YSLC site could be rendered meaningless as any direct access by vehicles could be gained from the neighbouring sites.
24. The generic recommendations received from the CTU have been thoroughly reviewed and costed by GLL’s design team and if all implemented would cost in excess of £2m and add significant delays to the completion of the New Facilities.
25. Given the above findings, and in particular the Tier 3 classification, no design or build changes to the YSLC are proposed at present. Officers will continue to liaise with the neighbouring landlords, whilst continuing to review the YSLC site based on professional assessment and any changes to the threat level both locally and nationally. Ongoing monitoring of the situation is recommended in the future.

Existing Facilities – Energise & Yearsley Swimming Pool

26. GLL have now been operating Energise and Yearsley Swimming Pool for 10 months and reporting back to the Authority every quarter on performance.

27. GLL have already made some major positive impacts:
- £250k investment into the fitness suite at Energise;
 - Increased pre-paid memberships by 40%;
 - Introduction of the 'Better' membership card, which now allows residents to make bookings using their smart phone or internet and also access to new membership types including a swim only, inclusive and concession memberships;
 - Taken the lead to expand York's GP exercise on referral scheme which is now called 'Healthwise';
 - Working in the community including; teaching first aid and CPR skills to local scouts groups, promoting water safety as part of the RLSS National Drowning Prevention week in partnership with North Yorkshire Fire and Rescue Service and York Rescue Boat, attending various community summer fairs and wellbeing events at large employer organisations.
28. GLL are now represented on the city's sports and active leisure strategic board 'Active York' and are looking at integrating the GLL Sports Foundation into the Active York's Fund for the gifted scheme. At present 16 young residents are being funded by GLL with free access to the Existing Leisure Facilities.
29. GLL have appointed two new community posts in the form of a Community Sports Manager and Healthwise Coordinator who will both look to work in partnership across the city to increase participation levels and improve health and wellbeing.

Burnholme Leisure Facility

30. On 12th July 2018, Executive approved £2.45m investment into the leisure facilities at the former Burnholme Community College site which is being transformed into a health and wellbeing campus.
31. Alongside this approval the Executive approved a variation to the DBOM Contract under this Project that will allow GLL to operate the new Burnholme sports facilities from Q4 2019, following the capital refurbishment works, for the remainder of the DBOM Contract.

32. Following these July approvals Officers are finalising design for the improved Burnholme leisure facility, alongside working with GLL to process the required DBOM Contract variation.

Sport Clubs

York City Knights RLFC Interim First-Team Playing Arrangements

33. Following the closure of the Huntington Stadium, and from the start of the 2016 Rugby League season, York City Knights RLFC (“YCK”) have been playing all their first team home fixtures at Bootham Crescent, the home of York City Football Club (“YCFC”).
34. Through these past three Rugby League seasons the Council has provided financial support to York City Knights RLFC (“YCK”) for all first team home fixtures.
35. In December 2016 Executive approved the current two year (2017 & 2018) YCK financial support for all first team home fixtures at Bootham Crescent. At the time of this approval it was anticipated the Stadium would be operational by its end and YCK would be playing the 2019 Rugby League season from the Stadium.
36. Inline with the latest Project timetable, set out at table two of this report, it is now scheduled the Stadium will be operational from July 2019. This means YCK will have a minimum of six months of the 2019 Rugby League season still with interim playing arrangements required and with the current Council financial support having stopped at the end of the 2018 Rugby League season.
37. To address these matters, an extension to the previous license between the Council and YCFC has already been signed to ensure the continued use of Bootham Crescent for hosting YCK first team fixtures for the period from 1st January 2019 until the Stadium is operational, anticipated from July 2019.
38. An extension to the existing user agreement between the Council and YCK, which provides YCK rights to occupy Bootham Crescent, will be formalised ahead of the 2019 Rugby League season. This following Member approval to the Officer recommendation of continued Council financial support to the YCK interim first-team playing arrangements within this report.

39. The December 2016 approved financial support to YCK for interim first team arrangements was set on the Council meeting a percentage of the direct costs associated with YCK first team games that are played at Bootham Crescent. These costs being ones that YCK would not incur, or would be able to offset with advertising and match day hospitality income, if they were still playing first team games at Huntington Stadium.
40. This proposal meant no financial support being paid directly to YCK, but simply that YCK do not incur directly operating costs associated with the use of Bootham Crescent. This providing YCK with greater financial stability until the new Stadium is operational.
41. The YCK financial support over the last two Rugby League seasons (2017 & 2018) has been capped at a maximum cost to the Council of £45k per Rugby League season. It has always been noted that interim financial support will cease once the new Stadium is operational for YCK.
42. Officers recommend that YCK interim first team arrangements financial support continues for the 2019 Rugby League season until YCK play their first game from the Stadium.
43. Officers recommend this be approved on all the same principles as the 2017 + 2018 Rugby League seasons financial support. The only change accounting for that the 2019 financial support will not be for a full Rugby League season. Therefore the Council capped cost to be based on 13 YCK first team games being played at Bootham Crescent between January 2019 – July 2019, and not as before a full Rugby League season assumption of 20 games.
44. Table one below outlines the principles of this recommended proposal.

Table 1 – YCK further 2019 financial support recommendation

YCK financial support proposal – Part 2019 RFL season	
<p>Costs met by the Council, directly with YCFC, for the hosting of YCK first team games at Bootham Crescent.</p> <p>Items covered by the Council to include:</p> <ul style="list-style-type: none"> - Match fee (direct costs incurred for setting up the venue as a Rugby facility). - Match day stewarding & ground safety costs. - Electronic scoreboard maintenance. - Any floodlights or additional ground charges, such as music licenses. 	<p><u>Council cost =</u></p> <p>C.£3,000 per first team game played at Bootham Crescent.</p> <p>+</p> <p>Capped at £40,000</p> <p>(For period Jan'19 – July '19.)</p>
<p>25% of this cost covered through YCK annual rent payments to the Council</p>	<p><u>Council income =</u></p> <p>-</p> <p>£10,000</p>
<p>Net Council Budget allocated</p>	<p>=</p> <p>£30,000 per annum</p>
<u>Notes and assumptions</u>	
<ul style="list-style-type: none"> ➤ This financial support arrangement is only valid for YCK first team games played at Bootham Crescent. ➤ Financial support arrangement for the 2019 Rugby League season up until the new Stadium is operational, anticipated from July 2019. ➤ The Council capped cost (£40,000) is based on the assumption of 13 YCK home games played at Bootham Crescent in the period January 2019 to July 2019, this allowing for league games, cup run & friendlies. ➤ YCK will continue to pay their annual rent in monthly instalments, to ensure they meet 25% of the associated playing costs as a minimum at Bootham Crescent. ➤ Should YCK not pay their monthly rent instalments the Council reserves its right to cease all ongoing financial support. At this point all Bootham Crescent match-day costs would become the direct responsibility of YCK. ➤ YCK must offer incentives / free entrance for children at promotional periods within each Rugby League season that Council financial support is provided. 	

- The Council financial support would only be valid whilst the YCK foundation is in operation and continues to work in partnership with the Council to improve local health and wellbeing in the City.
- The Council financial support does not include YCK match day catering which is for YCK to arrange and pay for directly with third parties.

42. In considering making this financial support available, as with the original financial support, the Council has had to satisfy itself that it does not amount to unlawful State Aid. Appropriate internal and external legal advice has therefore been sought on this matter that provides Officers with assurance that the financial support proposed at table one above would be lawful.

Community / Local Partners

York Teaching Hospital NHS Foundation Trust (“NHS”)

45. The NHS will occupy space within the Community Hub where it will deliver a range of outpatient services in high quality modern accessible premises. The NHS will also have use of the Stadium hospitality areas for staff training and development activities. The Agreements for Lease between the Council and the NHS relating to these areas were signed in November 2017.

York Against Cancer

46. The Agreement For Lease with York Against Cancer for them to take space within the Community Hub in the form of a retail unit, office and meeting space was signed in October 2017.

Explore Library

47. On 21st June 2018, the Executive agreed to re-procure the Council’s Library and Archives service, as the current contract with “Explore York” ends on 31st March 2019.
48. An EU procurement process is currently under way and the Council will award this contract by the end of 2018. This will allow the successful library operator to work with the Council and GLL to deliver the new library facilities in the Community Hub of the Stadium.

49. The vision for the library facility at the Stadium remains the same, with a new type of library offer aimed at accessing new users & groups, allowing users to access books, IT equipment, free Wi-Fi and a range of learning activities.

New Partner – Little Gym

50. Officers are pleased to update the Executive of a new partner joining the YSLC, this being a franchise of The Little Gym. The Little Gym Group International have centres worldwide and operate locally currently in Leeds and Harrogate.
51. The Little Gym will be taking space within the second floor of the New Leisure Centre offering a diverse line up of classes, camps and parties filled with movement, music, learning and laughter. Classes will range for all stages of a child's development, from 4 months to 12 years.
52. Heads of Terms have already been agreed with The Little Gym, with work currently ongoing to finalise internal design layouts. Once complete a formal Agreement for Lease between the Council and The Little Gym will be entered into.

YSLC Commercial Development

53. All legal agreements between the Council and Legal & General (the "Investment Fund") for the Commercial Development associated with the YSLC were signed in November 2017.
54. The Commercial Development outputs proposed at the YSLC site, which are being brought forward by Wrenbridge Sport (the "Developer") on behalf of the Investment Fund, remain in principle the same as those set out in detail in the March 2016 Executive Report.
55. Since the last Project Executive report in October 2017, the Developer has let the two Restaurant Units located in the Southern Block (next to the Cinema entrance). These units will be occupied by national restaurants chains, one of which being TGI Fridays.
56. The Developer is actively marketing, and in detailed positive discussions, with end tenants for the remaining vacant units across the Commercial Development, this includes three East Stand

Restaurant Units located in the Stadium. The Developer still anticipates that all units will be let before the opening of the YSLC.

57. Executive are reminded of the risk noted and accepted in the October 2017 Executive report, this being that should the Developer not have let two of the three East Stand Restaurant Units located in the Stadium by the time of Practical Completion is reached a reduced Capital Receipt would be received.

Stadium Naming Rights Sponsorship

58. Previous external advice provided around Stadium Naming Rights Sponsorship had highlighted that sponsorship packages are far more marketable once actual stadium construction is in progress and a firm completion dates can be given to prospective sponsors.
59. Therefore, with construction on the Stadium now well under way work has re-started to find a Stadium Naming Rights Sponsor. Officers have been liaising with experts in this field of sponsorship and speaking with many of the major companies working within the city.
60. At this time the Council are in positive discussions with two major companies to be the Stadium Naming Rights Sponsor. Discussions at this stage are very promising but not to a position where draft legal agreements have been instructed with any party.

Project Financials update

61. No changes are required in the overall budgets agreed previously by Council.
62. The capital cost of the Project remains within budget and as outlined in the July 2017 Executive Report.
63. The Construction Cost for the YSLC is a fixed price under the DBOM Contract. This cost is within the overall Project budget along with a small Project contingency for formal construction changes.
64. As set out in detail in the July 2017 Executive Report, the YSLC is to be funded by a mix of Council capital funding (borrowing), s106 funds (from the Vangarde Retail Park development), a contribution from YCFC and funds arising from the Commercial Development.

65. The only remaining funding variance relates to the Commercial Development Capital Land Receipt, as detailed in the October 2017 Executive Report.

Project Timetable for NSLC Delivery

66. The current scheduled opening date for the York Stadium Leisure Complex is from July 2019.
67. The key Project milestones from Financial Close up until the opening of the York Stadium leisure Complex are set out in table two below.

Table 2 - Current Project timetable:

Indicative Date	Milestone
November 2017	Financial Close - DBOM Contract, Commercial Development Agreements and ancillary legal documents signed
December 2017	Construction site mobilisation - Period for Building Contractor following Financial Close to mobilise the YSLC site and complete remaining required construction design work before full construction works commence.
December 2017	DBOM Contract live - GLL operation of Energise and Yearsley commences.
January 2018	YSLC full construction works commence - Full works commence following site mobilisation.
May 2019	YSLC construction complete - All New Facilities built by the Building Contractor and handed over to GLL. - At this point the Building Contractor reaches practical completion on the facilities they will not be operational and will require further GLL and Stadium Operator fit out before they are available for use by the public and the Sport Clubs.
May 2019 -	YSLC construction complete

June 2019	<ul style="list-style-type: none"> - Final fit out across the YSLC site takes place by GLL, Stadium Operator and Community Partners. - Stadium Operator to gain all required safety & licensing certification for the Stadium to be operational. Several public Stadium test events will be held through June 2019 in this period.
From July 2019	<p>YSLC facilities operational</p> <ul style="list-style-type: none"> - YSLC facilities (Stadium, Community Hub and New Leisure Centre) available for use and operational following all required GLL & Stadium Operator fit out.

Project communications

68. With the Project now in its delivery phase of the YSLC, Officers are able to provide far greater Project communications. Regular Project facts, news and YSLC construction updates are posted through the Project's dedicated social media accounts and on the dedicated YSLC website (hosted by GLL).
69. Working with the Building Contractor Officers have been able to provide great insight to the progress taking place behind the site hoardings, including the fantastically well received monthly drone video footage recorded from above the site.
70. A detailed Project communications strategy and timetable of events plan are both in place for the remainder of the YSLC construction, through up until the opening of the New Facilities.
71. Preparation works are already underway with regards the communications and public events for the opening of the New Facilities in summer 2019. Details of these will be presented back to the Executive in a future report ahead of the New Facilities opening.

Risk Management

72. Many of the previous Project risks set out in Executive reports, especially those Executive reports between March 2016 and October

2017, related to risks associated with reaching DBOM Financial Close.

73. Since DBOM Financial Close was reached in November 2017 and we have now entered the construction delivery phase of the Project many of those risks are now longer applicable.
74. Officers continually review and update the Project risk register and have held specific risk workshops around the construction delivery phase of the Project.
75. A summary of the key Project risks through until build completion and the YSLC opening are detailed in table three below.

Table 3 – Summary of current key Project risks

Summary of current key Project risks	
Risk title	Risk detail
Delay in the completion of the YSLC construction	Unforeseen delay in the completion of the construction on the YSLC results in the New Facilities not being ready for a summer 2019 public opening.
Additional construction costs exceed budget	Additional construction costs (through formal DBOM Contract changes) exceed Project approved budget.
Commercial Development Capital Land Receipt associated with the East Stand Restaurant Units	Should no East Stand Restaurant Units be let by the time Practical Completion of the Stadium is reached, and when the long lease for the East Stand Restaurant Units would be granted to the Investment Fund, the Council would receive as a minimum £9.36m, not the maximum £10.76m across the whole Commercial Development deal. The impact if it were to materialise in full (no East Stand Restaurant Units lets) would be a shortfall in capital funding of C.£1.4m.
Stadium Naming Rights Sponsor	No Stadium naming Rights Sponsor in place before opening of the Stadium and/or sponsor found but financial deal does not meet that assumed income in the revenue budget.
Tenant for the Leisure Unit in Southern Block	No tenant signed up for the Council Leisure Unit in the Southern Block before the opening of the New Facilities and/or a tenant is found but the financial

	deal does not meet that assumed income in the revenue budget.
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Financial Implications

76. The specific financial implications of this report relate to the financial support to YCK, as set out at table two of this report, this financial support can be met from the Project budget.

Legal Implications

77. No specific implications.

Report Annexes and Information

Annexes

Annex A – YSLC site construction images.

Background Executive Reports

Date	Report Title
12 th July 2018	Delivering improved Sport & Active Leisure facilities at Burnholme
21 st June 2018	The Library & Archives Service: Procurement of Operator
19 th Oct 2017	Community Stadium & Leisure Facilities Update Report
27 th July 2017	Community Stadium & Leisure Facilities Update Report
16 th March 2017	Community Stadium & Leisure Facilities Update Report
7 th Dec 2016	Community Stadium & Leisure Facilities Update Report
17 th March 2016	Community Stadium & Leisure Facilities Update Report

Authors:	Chief Officer Responsible for the report:			
Mark Wilson & Paul Forrest <i>Stadium Project Officers</i>	Ian Floyd Deputy Chief Executive & Director of Customer Business Support Services			
	Report Approved	✓	Date	14/09/18
Specialist Implications Officer(s) List information for all Patrick Looker, Finance Manager / Andy Docherty, Legal Services.				
Wards Affected:				All ✓
For further information please contact the author(s) of the report				