

Report of the Cabinet Member for Leisure, Culture and Social Inclusion

Community Stadium Project

Summary

1. The purpose of this paper is to:
 - Set out the timetable for progression of the business case.
 - Set out the resources required to develop the business case to the next stage.

Background

2. An outline business case for the project was first presented to members in June 2009. It was then developed to a more detailed stage to support the decision of the Executive in July 2010 that the stadium would be at Monks Cross South and delivered as part of an enabling development at the centre of a range of community facilities.
3. The Executive of 19 October 2010 established a Community Stadium Advisory Group (CSAG) through which progress on the community stadium project has been reported. This is an advisory group to the Council Cabinet. The group's minutes are published and are publicly accessible. The business case has been developed, amended and updated as the project and its proposals have progressed. This progression has been reported to the Advisory Group as part of regular updates.
4. A planning application has been submitted for the enabling development. It is clear from the development appraisal that has

been submitted to support the scheme, that the Council's vision is deliverable, subject to the enabling development being satisfactory in planning terms. A summary of the capital funding position is shown in the table below:

Table 1 Indicative capital costs

Component	Capital Cost (£000s)	comment
Stadium	12,400	Potential options for value engineering to reduce this figure
External works	1,200	Based on Oakgate development appraisal / DLA plans
Community floor space	3,000	See breakdown in revenue table below
Athletics Facilities	2,500	Cost to be reduced through value engineering and inclusion in wider construction package.
Community sport facilities	750	To include interim ground sharing / training facilities / costs.
Project Costs	1,000	Estimation between £875K and £1,250K dependent on procurement route and risk transfer.
Total	21,050	

Note: These figures are indicative. They include fees @12% and contingency @ 5%, but do not include VAT. A VAT assessment is underway as part of a wider financial due diligence exercise.

Table 2 Indicative Funding Sources

Component	Capital Cost (£000s)	comment
S106 Contribution	14,040	Based on Oakgate draft development appraisal
CYC Capital	4,000	CYC approved capital programme
YCFC Capital	2,000	Contribution following Bootham Crescent disposal

External Funding	1,000	Potential contributions from Sport England, UK Athletics and the Football Foundation
Total	21,040	

5. This is a complex development scheme which has a number of projects forming an overall programme. It will involve the procurement of both a design and build of facilities contract, and an operation and maintenance contract. These processes require the business case to be developed in stages as the project progresses. This is an iterative process which continues all the way through the procurement and construction of the project through to delivery. The next key stage will be sign off of the core principles of the way the stadium and associated community facilities will be delivered, operated and maintained. This will set out projections of the principal costs and income streams together with a sensitivity analysis identifying the relevant risks.
6. This report will be presented to the CSAG on 14 December 2011. Following further development it will then be reported to the Council Cabinet meeting on 9 January 2012 together with a procurement and project plan including arrangements for governance and project management and a statement of the resources required to manage risk and control expenditure.

Development of the Business Case to Date

7. In 2008 the council agreed to appoint a dedicated project manager to take forward the concept of a community stadium for York. Detailed feasibility, site selection and other feasibility work has been undertaken resulting in the submission of a major outline planning application, which is due to be determined in January 2012.
8. To date £398k of council revenue funds have been spent or committed on:
 - Detailed feasibility and site selection exercise.
 - Financial due diligence and stage 1 business case.
 - Review of stakeholder accounts (sports clubs).

- Legal reports including procurement and title issues.
 - Development of partnerships with community stakeholders.
 - Development of plans, a draft design brief and cost management.
 - Costs for CYC project management.
9. The creation and development of the business plan has underpinned this work. A detailed financial model was created and has grown with the project. It provides the foundations of the business case. The projections of income streams, costs and attendances are all evidence based, drawing market intelligence and / or relevant comparators. Case studies of other stadia have been examined to assist with the development of the operational principles. Discussion with the sports clubs has been on-going throughout the process.
10. The next stage of development of the business plan as part of the pre-procurement preparation includes:
- Cost management reports on all strands of the capital work.
 - Preparation of the procurement packages.
 - Appointment of the council's design / construction / legal / procurement and financial specialists that will work for the council throughout the procurement exercise.
 - Undertake community consultation.
 - Further develop partnerships with key stakeholders for the provision of the community facilities.
 - Financial and due diligence support for the business case as it develops.
 - Sensitivity analysis on the operation of the leisure facilities.
 - Stage 2 feasibility and survey work at the University Sports Village to proceed with the athletics proposals.
 - Architectural and design work to develop the specifications / design guides for the new facilities, prepare schematics,

developing the indicative plans provided as part of outline planning application.

11. To undertake this work it is estimated that up to £200k now needs to be made available. As the revenue funding previously allocated is now exhausted it is recommended that the £4m capital budget allocated to support the stadium project is drawn upon. This capital funding was allocated subject to approval of the business case.
12. The project has reached a point where it has been demonstrated that sufficient certainty exists to reasonably use some of the capital funding in order to progress the project (subject to planning). This is a considerable milestone in making this a viable development scheme. It is therefore proposed that £200K of the allocated £4M allocated in the capital programme is released. This funding will be used to support the development of the business case to the next key stage, to prepare for and initiate the procurement process and involve principal stakeholders as part of an on-going dialogue. There is also a clear need to further develop the design of the facilities to the next, more detailed stage. This will assist the stakeholders and the wider public to better understand what is being proposed and what the benefits are. It will also provide a more detailed evidence base for the report to Cabinet in January which will set out the resources required to deliver the project. It should be noted that as planning permission has not been awarded the capital funding being requested could result in abortive cost in the result of the stadium not progressing. In this scenario the cost would need to be funded from revenue.
13. If the procurement exercise begins in Jan / Feb 2012, it would result in the completion of the new facilities sometime in 2014 (subject to planning). An indicative project plan is set out in Annex 1.

Implications

Financial

14. A revenue budget of £300k was previously made available by the Council to support this project. This is now fully committed. This

report recommends drawing on the £4m capital budget available to support delivery of the stadium subject to development of the business case with the risks set out in paragraph 12.

Risk Management

15. If members are minded to approve this expenditure the following risks / issues need to be considered:
 - If the project does not proceed, this would be abortive and non-recoverable capital expenditure that would have to be charged to revenue.
 - To help to control this risk and the financial exposure, any externally awarded work would be on the basis that further stages of work are subject to subsequent approval of the business case.
16. A detailed report regarding the project's risks was presented to the Audit and Governance Committee on both 6 December 2010 and 19 April 2011. Risks are addressed, reviewed, analysed and updated regularly through the fortnightly Community Stadium Officer Team meetings.
17. **Equalities** – There are no equalities implications arising from the recommendations of the report.
18. **Legal** – There are no legal implications at this stage.
19. **Human Resources** – There are no implications arising from the recommendations of the report.
20. **Crime and Disorder** – There are no implications arising from the recommendations of the report.
21. **Information Technology** – There are no implications arising from the recommendations of the report at this stage.
22. **Property** – Property implications are set out in the report.

Recommendations

23. That the Cabinet note the progress made to date on developing the business case for the Community Stadium.
24. That the Cabinet recommend to Council that £200k of the £4M allocated in the Council's capital programme for the Community Stadium is released for the purpose of developing the business case to the next key stage.

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Report Approved

23.11.11

Specialist Implications Officer(s) :

None

Wards Affected: *List wards or tick box to indicate*

All

For further information please contact the author of the report

Background Papers:

- Community Stadium Report to Staffing and Urgency Committee 21st May 2008
- Staffing and Urgency Committee Minutes 21st May 2008
- Deloitte report on community stadium for CYC 20th June 2008

- Active York's Sport and Leisure Strategy
- Executive Report 15th July 2008
- Executive Report 9th September 2008
- Executive Report 20th January 2009
- Executive Report 23rd June 2009
- Executive Report July 6th 2010
- Executive Report October 19th 2010