

Annex 2

Development of community components and business case

1.0 Community potential of project

- 1.1 Community benefits and accessibility are an essential component of this project and principal justification for the council's involvement from the outset. In April 2009, the Executive agreed that the stadium would:
- Be accessible for the people of York and its visitors
 - Maximise community use including sport, education and health / well-being
 - Be a commercially sustainable
- 1.2 In June 2009 the Executive re-affirmed its commitment to deliver a vision for the stadium that provide a **hub of sport, health and learning**, which would be accessible to all.
- 1.3 Since January 2009, officers have been developing a city-wide community needs analysis. It has looked at uses that may compliment the community stadium project, assisting in the delivery of that vision. Case studies of other community stadia have been examined to identify good practice across the UK. Officers have engaged in detailed dialogue with numerous groups / stakeholders across the city as part of the process in identifying potential partners, discussing in details how this might be deliverable.
- 1.4 Table 1 provides a list of the groups that have been involved in discussions to date. Initially discussion took place with the knowledge that a site had not be identified. In July 2010, Monks Cross South was identified as the preferred site by the Council Executive. Since that date more focused discussions are underway with a number of stakeholders, with the objective of taking drafting heads of terms for inclusion in the project. This is a complex process, particularly as many organisations are currently facing a period of uncertainty.
- 1.5 If the stadium is to be delivered as part of an integrated retail / stadium development it offers significant potential as an exciting community venue. In addition to being part of the existing Waterworld leisure facility, the stadium would be integrated into a retail complex adjacent to a Park & Ride site. For many community services this provides two important selling points: accessibility and footfall. More focused discussions are underway with the following groups:

- York Teaching Hospital NHS Foundation Trust for the provision of a new health facility (potentially providing services such as physiotherapy, sexual health, blood service and others)
 - York St John University: provision of a Sports Institute and learning hub
 - Independent living and demonstration centre
 - CYC Library Services (potential for a new explore library)
- 1.6 Officers are actively progressing negotiations with the above stakeholders. Last week, York Teaching Hospital NHS Foundation Trust confirmed their interest to actively pursue the opportunity with the council's project team. This is considered a very positive step forward, as inclusion of an anchor health use provide a good synergy with the University's objectives and the wider vision for the project - to develop the links between sport, health and learning.
- 1.7 Not only do these services offer a strong match with the agreed vision for a **hub of sport, health and learning**, they would potentially bring a funding stream to the overall project, through either capital or on-going revenue contributions. Thus, contributing to another key principle of the project – commercial sustainability. This has been a successful model with other stadia examined such as the Halliwell Jones Stadium in Warrington, Deepdale in Preston North End and the B2net stadium at Chesterfield.
- 1.8 Each of these facilities have successfully integrated community uses within the stadium complex securing significant community benefits and an income stream contributing to its commercial sustainability. Table 3 sets out indicative costs and potential revenue streams.
- 1.9 As part of the development of the B2net stadium at Chesterfield, the club went through a similar process, approaching local community stakeholders and other public bodies to gauge their interest in forming a community hub in the stadium's east stand. This has progressed effectively and terms have been agreed for a range of community uses, all bringing a commercial revenue stream. Table 4 provides a summary of the criteria they used for this exercise.
- 1.10 In assessing the suitability of different stakeholders and uses consideration was given to the extent to which they 'fit' with the following areas:
- Equality & accessibility
 - Health
 - Sport's participation
 - Lifelong learning
 - Culture
- 1.11 These areas are enshrined as key themes in the Council's Corporate Strategy. A means of assessing the benefits or outputs potential uses

could offer was presented to the Executive in June 2009 as part of the Outline Business Case. A weighting was used to assess how potential uses / components fit with the key themes. This approach has been adopted as the project developed. In February 2010 the Executive received a report setting out potential community outputs against the key themes of the Corporate Strategy (Table 2).

- 1.12 This model has been further developed as part of the matrix set out in the main body of the Executive paper (19th October 2010). A scoring system between 0-5 is used. 5 showing an excellent fit and 0 showing no fit. In addition potential income stream and complexity have been added to provide a commercial balance to the scoring.

2.0 Development of Business Case

- 2.1 As set out in the main body of the report, discussions are progressing regarding potential designs for the site and the inclusion of different community uses. At the same time options for cost of the construction and operation of the stadium are developing. The following strands of work are progressing:

Comparator analysis

- 2.2 The contacts made and work undertaken looking at the operational models and costs of the operation of a number of relevant stadia is ongoing. This assists in developing potential operational and cost models.

Financial modelling

- 2.3 Using market intelligence and the comparator analysis the financial model for the construction and operation of the stadium is being continually updated. This will enable the development of a number of operating models for discussion with the project partners.

Market testing

- 2.4 (1) Assessing the potential mix of ancillary commercial uses such as restaurants / cafes / bars / retail / leisure uses / hotel etc. to provide an essential revenue stream to ensure the stadium and its community facilities will be sustainable. It will also assess compatibility with the wider retail / stadium scheme. (2) Assessing the market interest for the operation of the stadium and associated community and commercial uses and how this may impact on the management of the adjacent leisure centre.

Master planning / Design

- 2.5 Discussion are underway with the developer regarding a potential single comprehensive retail and community stadium scheme. Officers have a specialist client team providing guidance and advice on design, costing, operational and construction matters.

S106 negotiations

- 2.6 The council is waiting for the developer to prepare a development appraisal, so the value of the proposal be assessed. Only at this point will officers be able to provide a more accurate indication of what components may or may not be included within the scheme. It is not possible to progress the business case and provide a final proposal until these discussions have been completed.

Legal and property issues:

- 2.7 Detailed work is being progressed by the Council's legal service to secure the council's interests are protected.

Procurement:

- 2.8 Details of the procurement strand are covered in the main body of the report.

3.0 Project Timetable

- 3.1 The progress of the scheme is dependent on the pre-application discussions with the prospective developer. It is envisaged that an outline application may be ready for submission between December 2010 and February 2011 (depending on the nature / progress of the pre-application discussion). Until the details of the scheme are finalised it is not possible to provide an accurate timetable. The timescales and means of procurement will be dependent on the nature of the development (what components will be included).
- 3.2 An indicative timeline has been prepared on the basis of a large number of assumptions (Table 5). This does not represent a proposal, it simply provides a guide if the scheme were procured by means of Competitive Dialogue. All of these elements have a dependency on the progress of the pre-applications work being led by the developer, for which the council have limited control.

Table 1: Engagement with community stakeholders

Sports Bodies	
Discussions with stakeholders	<p>Discussed project with a range of governing bodies, sports clubs, funding agencies including:</p> <p>York City Knights, York City FC, Sport England, British Cycling, Football Foundation & The Football Stadia Improvement Fund, Active York, UK Athletics, England Athletics, Amateur Swimming Association, York Hockey Club, York Cycling clubs / representatives, York Football Leagues representatives, , York Football Facilities Development Steering Group, York Athletic Clubs, North Yorkshire Athletics Network, Hopgrove Sports Club, Nuffield Health, private sports operators.</p>
Community Health	
Discussions with stakeholders	<p>Ongoing discussions with the following potential stakeholders regarding project: York Hospital Trust, North Yorkshire PCT, York Health Group, Healthy City partnership.</p> <p>Examination of Polyclinic / health uses as part of stadium project. NY PCT and York District Hospital Trust, Department of Health, Strategic Health Authority. Also visited and discussed with exemplars from across the country – Hull PCT, Warrington PCT, North Lancashire PCT, Leeds Met University / Headingly stadium.</p>
Education, Skills and Training	
Discussion with stakeholders	<p>The objective is to incorporate a community learning zone as part of the stadium and act as a base for outreach work across the city. The possibility of developing a Institute for sport with York St John is also being developed.</p> <p>Discussions are underway with the following bodies: York St John University, University of York, Askham Byran College, York College, York High, York secondary School Head teachers, Higher York, Learning City, 14-19 Curriculum Implementation Group, NYBEP, Constructions Schools Academy.</p>
Business Champion Model	<p>Working with Learning City and schools to use project as a learning tool for diploma courses. Pilot scheme with York High School. This initiative has began and the project team are supporting the delivery of diploma courses across the city.</p>
Targeted Recruitment and Training	<p>Working with CYC Planning Service, City Development, Higher York and Economic Development to implement a model which will satisfy training and recruitment needs through a the procurement of services and through the approval of planning applications.</p>

Table 2: Potential outputs aligned with Corporate Strategy Themes

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

Table 3: Capital and revenue summary table

	Capital cost (including fees /contingency / inflation)	Potential External Funding	Revenue Income (per annum)	Revenue Costs (per annum)	Operator Net revenue (per annum)	Return on capital
	(£000s)	(£000s)	(£000s)	(£000s)	(£000s)	
Stadium & site works	9,000	2,000	372	593	-220	-2.4%
Athletics (off site)	1,469	330	18	144	-126	-10%
Flexible office / community space	2,599	0	180	162	18	1%
3G pitches (exc pavilion) off site	1,508	670	235	149	86	10%
Hotel (Budget)*	4,489	0	313	0	313	7%
Private health & fitness*	3,000	0	200	0	200	7%
Library	1,490	0	0	0	0	0
Total	23,555	3,000	1,318	1,048	271	

Notes to support table 3:

- These are potential components. This is not a proposal. It is likely that any future design would include some but not all of these components, dependent on the discussion that are currently ongoing with the developer.
- All capital costs include fees, contingency, inflation but not VAT
- Library assumes only capital costs
- Health & Fitness and Hotel revenue streams based on a long-term operating contract (thus no revenue costs).
- Flexible office / community space provides a 1,500 sq m building for a range of potential community / health uses as set out in the report above.

Table 4: Chesterfield B2net stadium’s community use principles set out in their document sent to the potential community stakeholders

1	The partnership must include at least one of the following: <ul style="list-style-type: none"> ▪ Social Inclusion ▪ Health ▪ Sports participation
2	The prospective partner must be compatible to the effective operation of the stadium and its surroundings
3	Partners must supply details regarding the deliverability of their project
4	Partners would be expected to pay a rental of between £12-£15 per sq foot.
5	Partners would be expected to commit to a minimum of 3 years providing a clear indication of a start point.

Table 5: Indicative project timetable

Competitive Dialogue	2011		2012		2013		2014		2015	
	Q1&2	Q3&4	Q1&2	Q3&4	Q1&2	Q3&4	Q1&2	Q3&4	Q1&2	Q3&4
Outline planning										
Procurement										
Detailed planning										
Finalise contracts										
Build stadium										
Stadium completed										

Table notes:

- Timescales are indicative and only provided to give high level illustration of potential timescales if a planning scheme is submitted in February 2011
- This table does not allow for SoS Call-in or other legal mechanisms. These would add slippage / delay to the programme.
- Other means of procurement exist, but these are dependent on the nature of the scheme to be procured. Until discussions with the developer are complete it is difficult to judge which will be the most appropriate route.