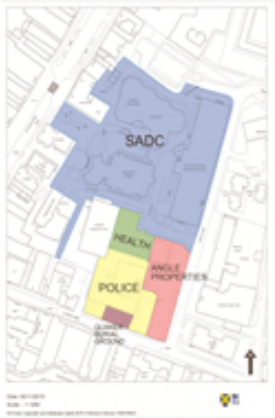
APSE Commercialisation, Income Generation & Trading Advisory Group

Establishing a Commercial & Development Department



Tuesday 22nd January 2019

Richard Shwe, Deputy Chief Executive (Commercial & Development)

St Albans City & District Council

St Albans City & District Council

Six steps to building a sustainable commercial model – *achieving our goal*

Source: Civica/CIPFA, *The commercial imperative* (2016)

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Adopting a set of guiding principles for the Council's commercial activity

These are the Commercial & Development department's five guiding principles:

1. Invest or develop, if for public good
2. Sweat the assets
3. Invest in maintenance (whole life costs)
4. Lead by example
5. Accept calculated risk

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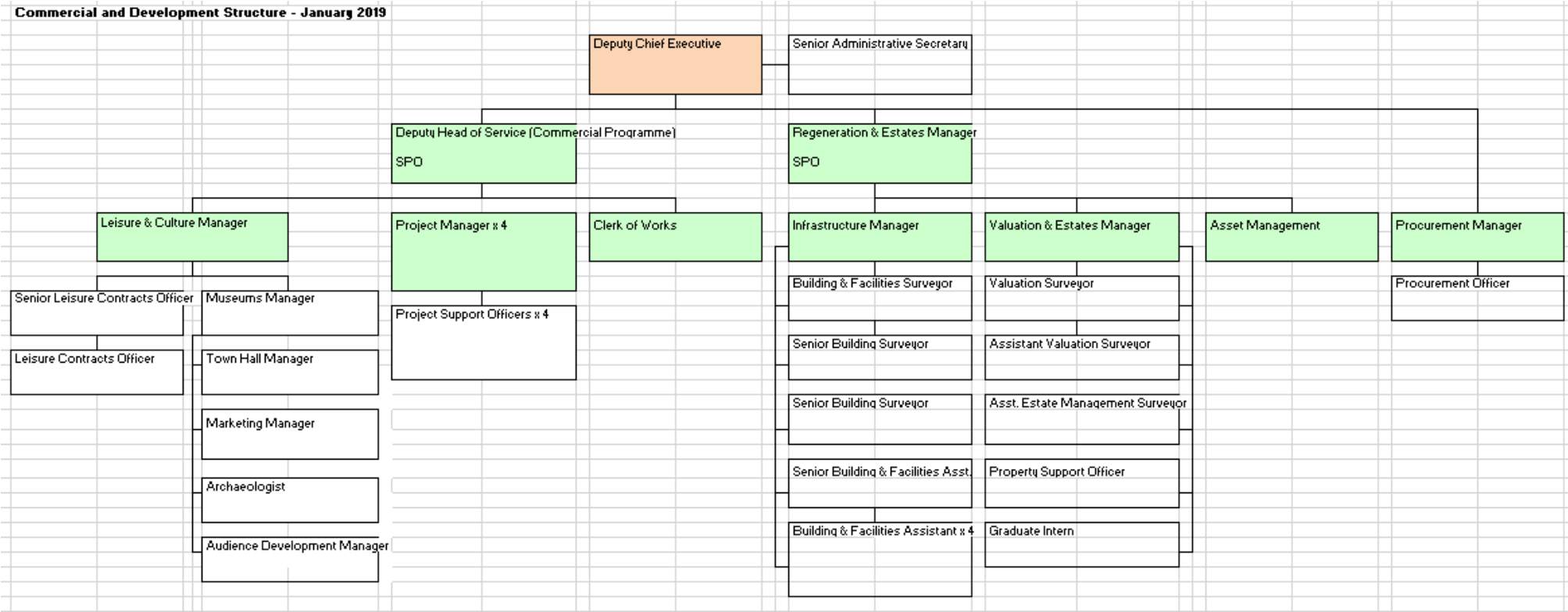
Summary – aims of the new department

- Opportunity to raise revenue, reduce costs and maximise commercial opportunities
- Target to deliver an extra £1m income/year by 2020
- Achieve this through 3 functions:
  - identifying commercial opportunities
  - major property developments
  - long term property maintenance strategies

Structuring a commercial team



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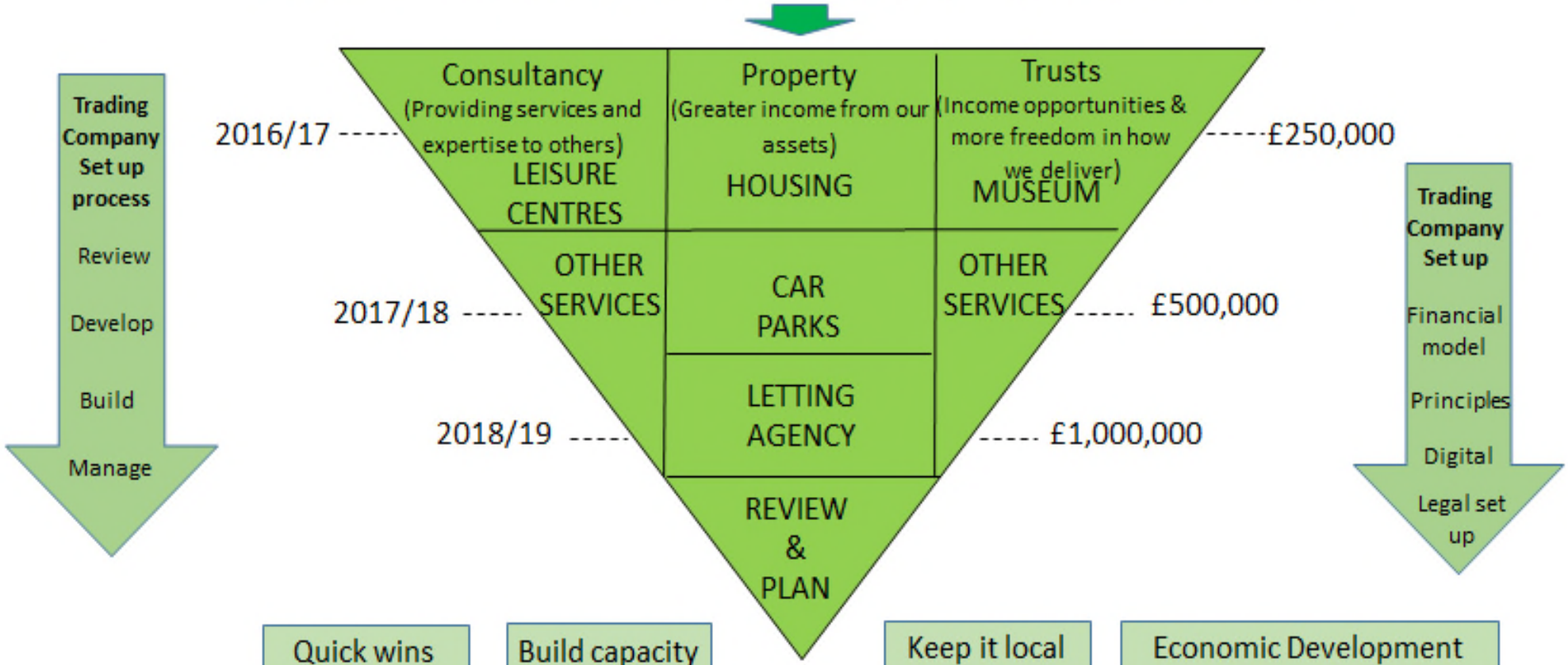
Commercial and Development work strands

SADC Staff – Volunteers – Partners – Contractors – Commercial Awareness



Quick wins | Build capacity | Keep it local | Economic Development

Increased understanding | Create income | **GREATER VALUE FOR SADC** | Promote SADC | Support others

Build opportunity for income | Better for residents

St Albans City & District Council

Using commercial management and development of the Council's property estate, to drive regeneration and create new revenue streams in 2018/2019.

Key projects include:

1. transformed St Albans old Town Hall into a new City Centre museum and gallery.
2. redeveloping the former Museum of St Albans site for housing that will be sold to help fund the new museum and art gallery project.
3. redeveloping the area around the Council offices .
4. rebuild council-owned leisure and cultural facilities in Harpenden.
5. building 25 affordable homes on five former garage sites in Batchwood.
6. building 20 affordable homes on two former garage sites in Sandridge.
7. developing various small sites for market rent housing.
8. establishing a business-friendly construction framework that will give local businesses the opportunity to work on Council development projects.

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Identifying and delivering commercial development opportunities

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Integrated Community Hub

Civic Centre Offices
(3 floors, + basement, + car park)

Purpose:

- free up space to introduce tenants
- create space for voluntary organisations
- free up financial resource to support Citizen Advice & Community Central (rent & sharing of building costs)
- improve service for vulnerable members of the public
- allow Police to relocate (& free up their building to south of Council)
- creating a new health centre inside the Council offices from Summer 2019

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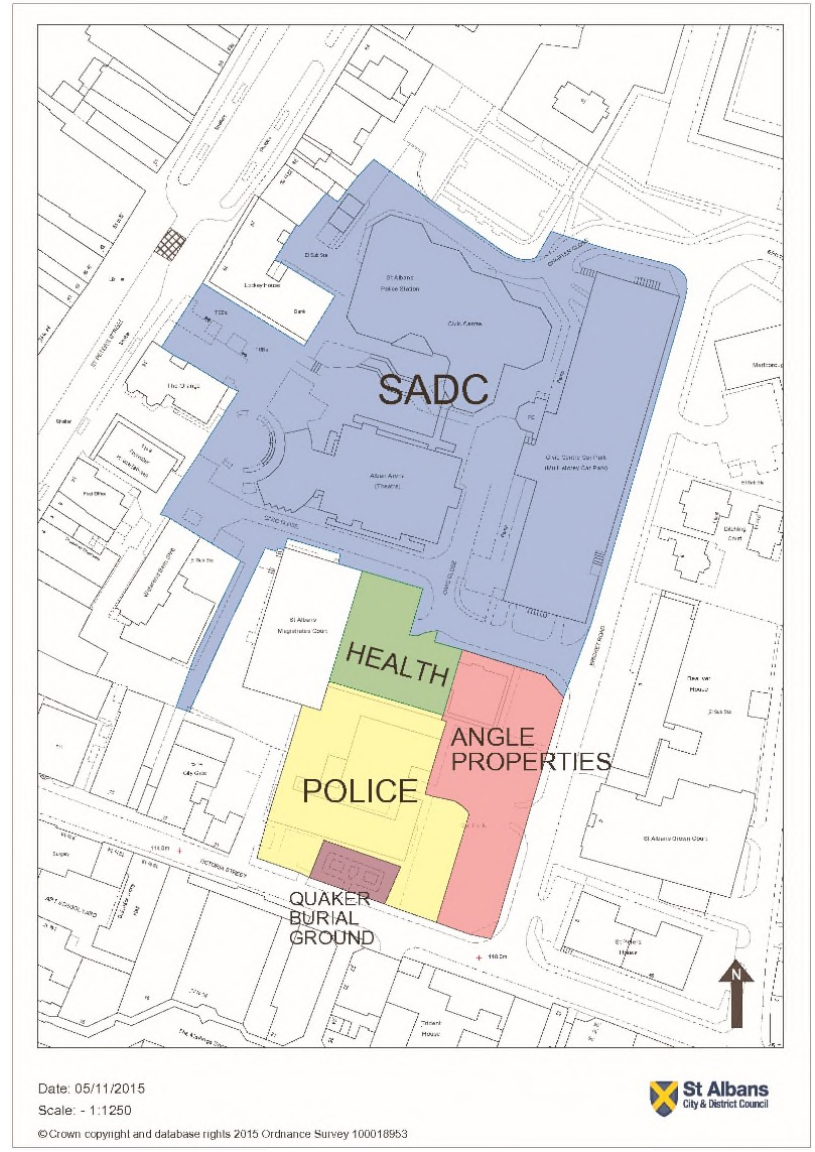
Building our City Centre Opportunity Site

Description

- Police/NHS/District Council / Private sector development (£60 million to £100million)
- Council offices and land to south of the City
- Undertaking soft testing: residential led, mixed development of residential and commercial offices



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City Centre Opportunity Site

Purpose – deliver a public good:

- supplementary planning guidance
- sort out “blighted” block of land
- public realm
- affordable housing
- quality of build/design code
- lead by example
- balance public and private gains
  (avoid public sector being disadvantaged)

Lessons:

- difficult to link up public sector (talking helps)
- insight into developers financial model (use of developer in negotiations)

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Redevelop Former Museum of St Albans site / Town Hall Museum & Gallery

Purpose:

- deliver £'s towards a £7.75 million new museum and gallery in City centre
- control quality of development
- breathe life into old Town Hall
- Sell new housing at old museum site (circa. 10 units = £1m each = £10m)

Lessons:

- value of design charrette (Look! St Albans)
- insight into residential developers' model
- lead by example
- history of "no" to anything
- officer/public/Councillor board structure
- economic development potential of flagship building
- multiple sources of funding

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Old Town Hall to St Albans Museum + Gallery

The building was tired and in need of restoration works.

Image from Opening weekend (Elyse Marks)

The Museum and Gallery welcomed over 10,000 visitors in its opening weekend.

There have now been over 88,000 visitors in since opening in June 2018

Shop turnover have reached £21,000 in first 3 months compared with the old shop achieving £20,000 per annum

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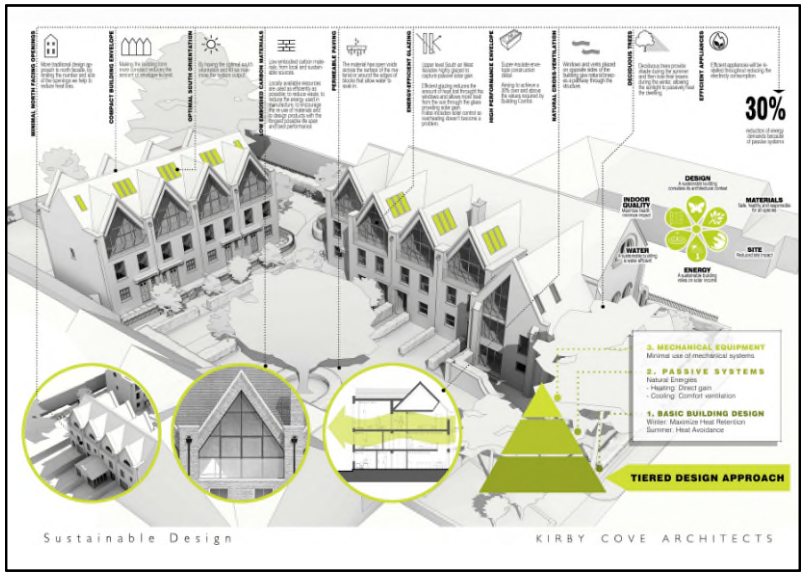
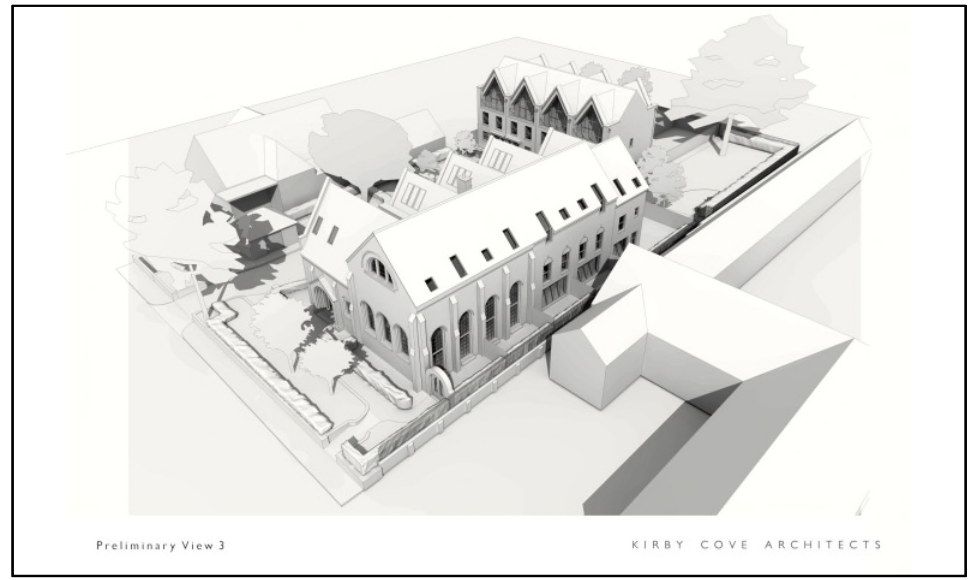
Redevelopment of Museum of St Albans site





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Oak Tree Gardens, St Albans

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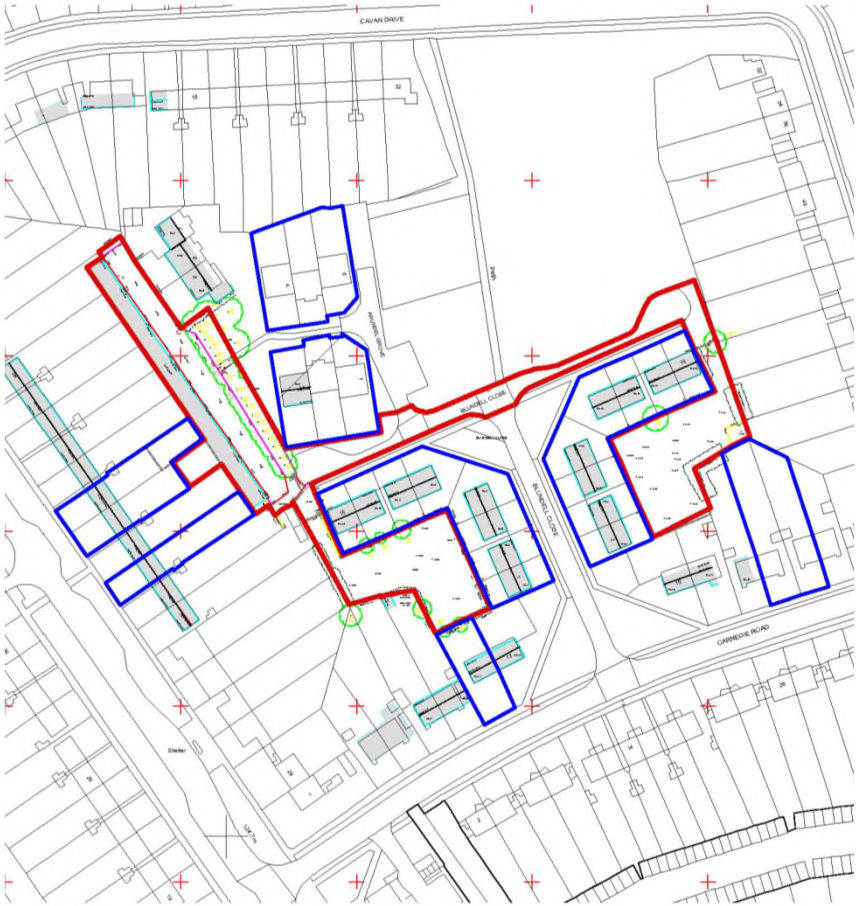
Batchwood Garages Redevelopment



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Batchwood Garage Site redevelopment, St Albans

December 2016

June 2018

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St Leonard's Crescent, Sandridge

2016

November 2018

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Langley Grove, Sandridge

2016

November 2018

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Leyland Avenue, St Albans

St Albans
City & District Council

Elevation A - Plots 3-4-5

Elevation C - Plots 3-4-5

Leyland Avenue
St Albans

Leyland Avenue
St Albans

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Enhancing the commercial value of Leisure Centre stock

Building a new a 21st Century Leisure Centre

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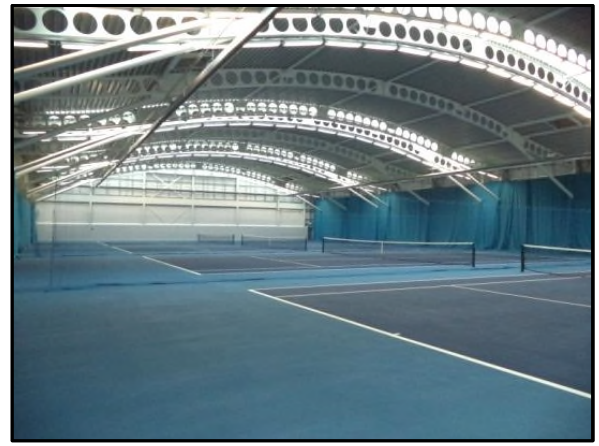
3 NEW LEISURE CENTRES IN 4 YEARS (£37 MILLION)

Purpose:

- upgrade poor facilities
- upgrade offering
- generate revenue/ reduce subsidy
- deliver quality buildings



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Funding & affordability

- **Closure of three leisure centres to enable the re-finance of the new build:**
  - Bricket Wood Sports Centre
  - London Colney Recreation Centre
  - Westminster Lodge Leisure Centre
- **Re-development / re-opening of two leisure facilities:**
  - Cotlandswick Open Space, London Colney – Developer led
  - Westminster Lodge, St Albans in 2007 circa £50M to build
- **Funding Proposal:**
  - Cotlandswick – Sec 106, Private Sector, other sources
- **Procurement Route:**
  - Cotlandswick – Developer led / Operator subject to development proposals
  - New Westminster Lodge - Design & Build, RIBA Stage E

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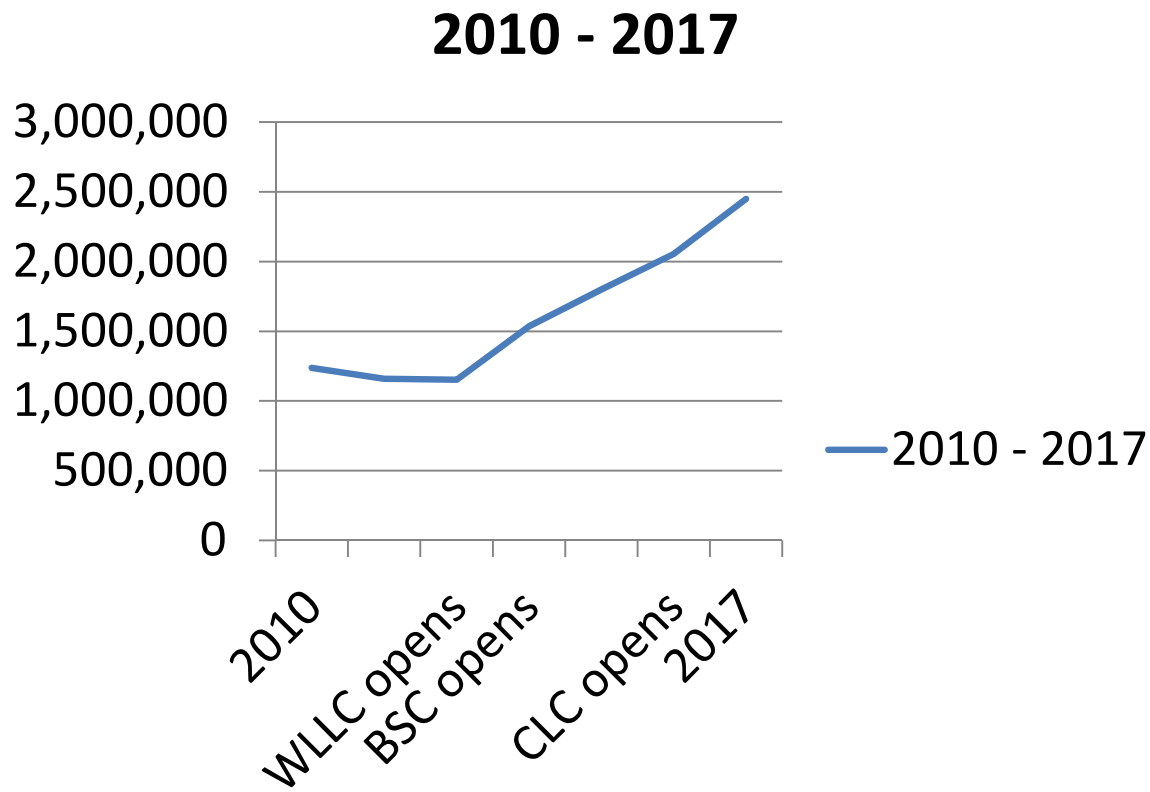
Total St Albans Leisure Usage Tracker

97% increase in visits to Leisure Centres within St Albans as a result of investment in new facilities.

https://www.stalbans.gov.uk/council-and-democracy/press-room/items/2017/September/2017-09-19-leisure-centre-visits-soar.aspx#0



Key
WLLC – Westminster Lodge Leisure Centre
BSC – Batchwood Sports Centre
CLC - Cotlandswick Leisure Centre (formerly Cotlandswick Recreation Centre)

St Albans City & District Council

97% increase in visits to Leisure Centres within St Albans as a result of investment in new facilities.

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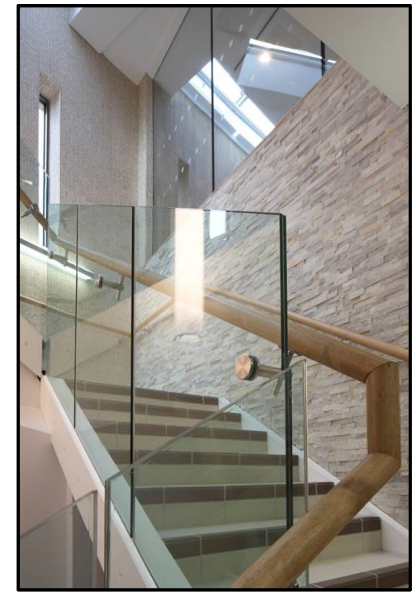

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Expected Population Growth in St Albans

- Population of St Albans is increasing year on year
- Number of those participating in leisure activities is increasing
- Therefore increased demand for leisure facilities resulting in better facilities within the District.

Age Band	2012	2017	2022
15-24	14,100	13,100	13,600
25-34	17,200	18,200	18,600
35-44	22,600	22,700	23,300
45-54	20,900	22,200	22,000
55-64	15,400	16,300	18,600
65-74	11,600	13,100	13,100
75-84	7,800	7,900	9,300
85+	3,400	3,900	4,700

Data provided by Housing Provision on behalf of SADC

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Lessons learned

- Demonstrate strategic need including supply and demand analysis
- Business case and detailed options appraisal is crucial
- Consider the impact of developments in neighbouring authorities
- Stakeholder and political support
- Community consultation (power of the internet)
- Changes in the local market during project development
- Site specific issues and sensitivities
- Planning and highways
- Continuity of service for users, can't please all sports clubs all the time.
- Competitive management operator and building contractor market.
- Key cost of construction – interplay of elemental costs, value engineering, watch savings hitting lifetime costs, watch over-specification,
- Procurement Value of frameworks
- Need to manage the cost of control of new build – "A good project manager is worth their weight in gold"

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Harpenden Leisure Development
Final Leisure Project

- This will complete the re-development of all the Council owned Leisure Facilities within the District in less than a decade.

- The existing structure was built in the late 1990s, prior to that the swimming pool facility was open air.

- https://www.stalbans.gov.uk/council-and-democracy/press-room/items/2019/January/12-01-19-harpenden-centres-update.aspx

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Harpenden Leisure & Cultural Centres Development

Existing swimming pool

Proposed combined leisure centre and swimming pool

Existing leisure centre

Proposed cultural centre

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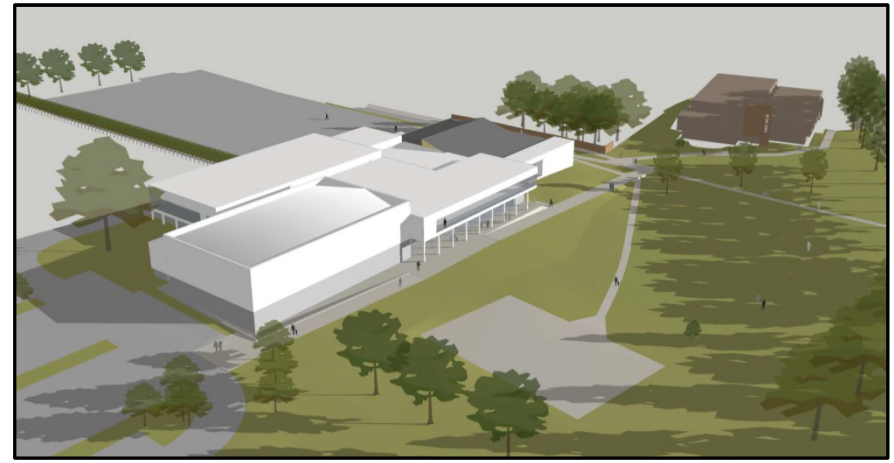
New Leisure Centre



- New 17mx10m Learner Pool with moveable floor
- Increase spectator viewing
- Larger wet change area with increased capacity
- Maintain Sports Hall provision
- New Steam/Sauna/relaxation
- New Cafeteria with 80 covers and a view to the park
- New external terrace
- New Fitness Suite with 160 workstations
- Two Multi-use studios of 140m2
- One Spin Studio of 65m2
- An expansion of the park entrance
- New Crèche
- New 100 space Car Park.

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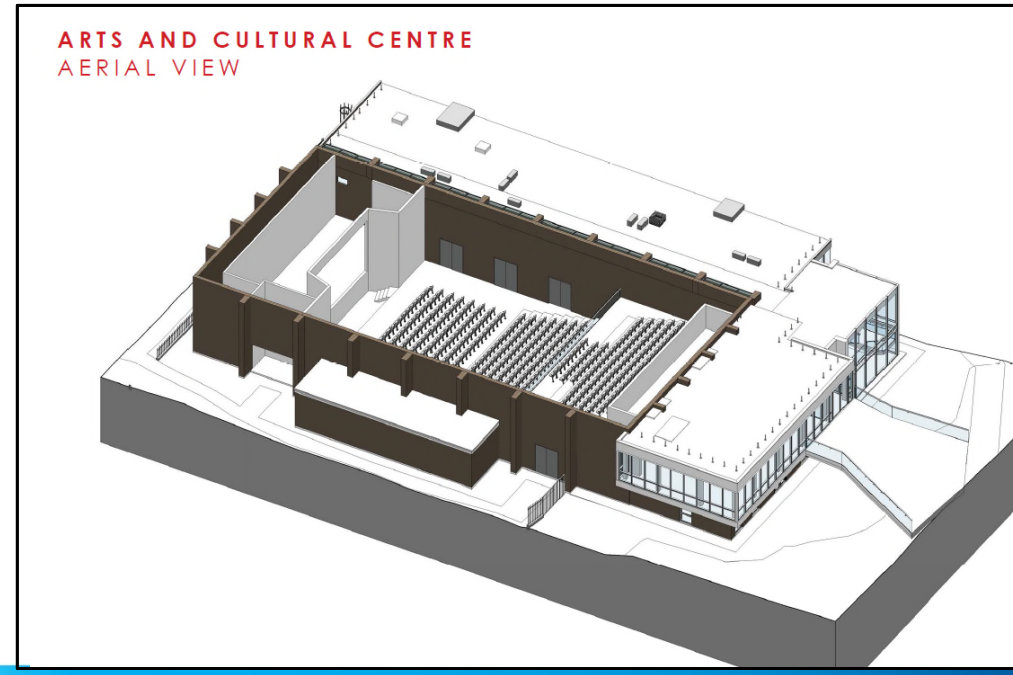
New Cultural Centre, Harpenden

- New theatre with a seating capacity of 511 seated, 610 standing
- Two Multi-use function rooms
- Dedicated Museum workshop and exhibition room
- Entrance at first floor level with views to the park
- Bar / Cafe facilities at first floor area to maximise views
- New accessible entrance
- Accessible stage area
- Significant increased crush bar capacity
- Green room and ancillary performance areas



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Harpenden Leisure

Key milestone dates (indicative)

Planning committee date: October 2018

Secretary of State Approval AS Green Belt development: December 2018

Construction begins: Spring 2019

Completion: Autumn 2021

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