

# APSE Sports & Leisure Management Advisory Group

Maximising Commercial opportunities across Leisure and Cultural Assets



Tuesday 10<sup>th</sup> October 2017

**Richard Shwe, Deputy Chief Executive  
(Commercial & Development)  
St Albans City & District Council**

# Commercial & Development

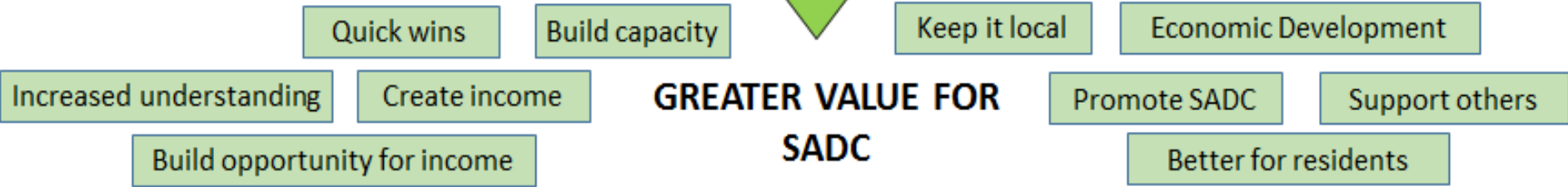
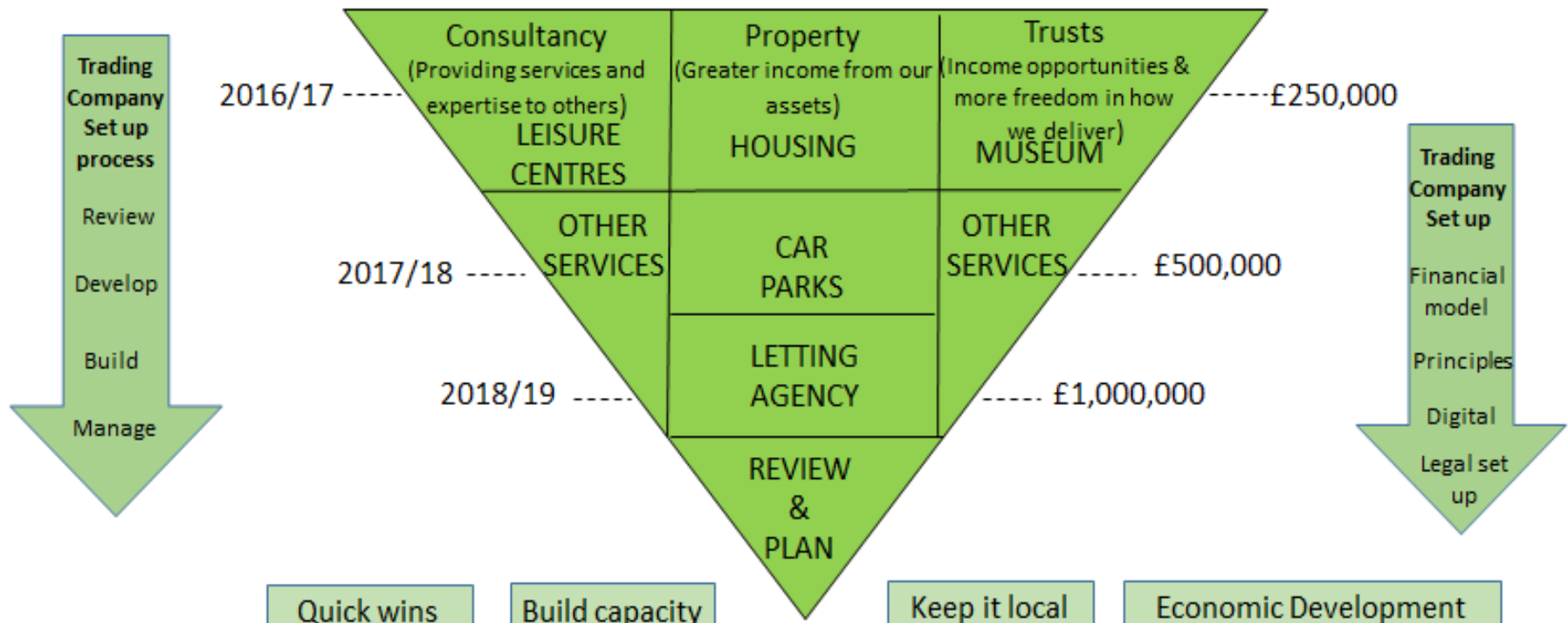
## Department Guiding Principles

These are the 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

# Commercial and Development strands

SADC Staff – Volunteers – Partners – Contractors – Commercial Awareness



# Enhancing the commercial value of Leisure Centre stock



Building a new a 21<sup>st</sup> Century Leisure Centre

# ISSUES FOR FEASIBILITY STUDY

- To use a major capital investment in leisure to create local and regional benefits for the local community, businesses and visitors
- The need for co-ordinated objectives and visions from both the Council, Operator, Stakeholder and limited engagement with the Community
- Spectrum of ageing facilities between 25 to 30 years old
- Limited capital investment
- Fragmented maintenance provision
- Client/contractor relationship
- Workload of staff and necessary skills set needed
- Outdated contract & specification
- Community Consultation and Community Engagement is essential

# CONSIDERATIONS FOR THE FEASIBILITY ON A NEW LEISURE CENTRE

Key considerations in approaching rationalisation in the facility mix for a new leisure centre :

- 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, particularly clubs
- Competitive management operator and building contractor market

# 21<sup>st</sup> CENTURY LEISURE CENTRE SWOT

## STRENGTHS

- Well used facility
- Sports Hall / Emergency Centre
- Key money spinners – gym membership (sign-ups & renewals)
- Set high standards for operators
- Key costs of construction & procurement, project management

## OPPORTUNITY

- New facilities for 21<sup>st</sup> Century
- Purpose built leisure centre for dry & wet with catering & spa facilities
- Viable swimming proposal should meet demand not club's performance needs

## WEAKNESSES

- Dated facilities
- Roof leaks
- Poor maintenance
- Poor gym facilities
- Mix facilities – not knowing its USP (unique selling point)
- Too many corridor and circulation spaces not linked to main facilities

## THREATS

- Cannot replace like for like
- Community not involved in plans
- Old Leisure Centre fails before the new leisure centre opens
- Too many concepts that has not got business planning considerations
- Need good project management and contract negotiations with builder

# FEASIBILITY STUDY CHARACTERISTICS OF A NEW FACILITY

- Deliver new leisure centre within the available budget and on time
- All sites in the park should be :
  - a well designed, cost efficient and quality building
  - sensitive to planning needs e.g. WLLC (parkland location & needs to compliment its surroundings, and be part of the town's public realm environment)
  - Income generation and flexible spaces, for families, young and older generations
  - A place where everybody likes and architectural pleasing
- Sustainable (energy usage and recycling) – min. BREEAM 'Very Good' rating
- Focus on making centres that have whole life costs
- Minimise life-cycle costs
- Fully accessible for people with disabilities – DDA compliant
- Existing leisure centre to remain operational throughout building phases.
- Hard and soft landscaping around old and new leisure centre sites - part of a cohesive landscaping design, sensitive to the surrounding park

# PROCUREMENT FOR THE FEASIBILITY STUDY

- Traditional Build – We buy an architect who designs everything based on the brief we write. We then buy in some one that builds exactly what has been designed.
- Design and Build – We buy in a team that designs then builds everything based on a strategic brief that we write.
- Construction Management – We buy in and directly manage lots of different teams to directly deliver every element from the design to completion.
- Management of the Facility – This can be a second phase procurement or linked to one of the above.
- Cost Benefits from Procurement – DO a Joint Venture, Use a construction framework; like SCAPE or PAGABO, Construction Tender which will be OJEU Processed.

## RECOMMENDATIONS & NEXT STEPS :-

- ✓ Design, Build, Operate & Maintain using a construction framework tender this will reduce the original tender process by 18 months.
- ✓ Explore ability to sell land and the risk involved
- ✓ Engage Project Manager and external team (approx. 5% of capital costs of entire scheme)
- ✓ Transport Impact Assessment
- ✓ Environment Impact Assessment

# BALANCED SCORECARD FOR NEW LEISURE CENTRE

Perspectives	Criteria
Financial	<ul style="list-style-type: none"><li>• Cash flow</li><li>• Return on equity</li><li>• Return on assets</li></ul>
Customer	<ul style="list-style-type: none"><li>• Assessment of ability to anticipate customers' needs</li><li>• Effectiveness of customer service practices</li><li>• Percentage of repeat business</li><li>• Quality of communications with customers</li></ul>
Internal Business Processes	<ul style="list-style-type: none"><li>• Asset utilization improvements</li><li>• Improvements in employee morale</li><li>• Changes in turnover rates</li></ul>
Learning and Growth	<ul style="list-style-type: none"><li>• Improvements in innovation ability</li><li>• Number of new products compared to competitors'</li><li>• Increases in employees' skills</li></ul>

## 3 NEW LEISURE CENTRES IN 3 YEARS (£35 MILLION)

**Westminster Lodge**, Verulamium Park  
replacement of old centre



**Batchwood**  
replacement of burnt down centre



**Cotlandswick**  
replacement and relocation of old centre



## 3 NEW LEISURE CENTRES IN 3 YEARS (£35 MILLION) CONTINUED

### Purpose:

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



# Rationalisation plan

## **New Leisure Centre in the South (London Colney)**

- Proposed 'public' leisure provision to include as a minimum:
  - 2 - 4 badminton court sports hall
  - Multi-purpose room
  - Fitness suite (gym)
  - Male & female dry changing rooms (or other combination)
  - Full size synthetic turf pitch and changing rooms
  - Vending zone
- Supplemented by additional commercial facilities from preferred development partner
- Present centre to remain open until the new centre has been completed and opened to the public.

## **New Leisure Centre in St. Albans City (WLLC)**

- 25mx10 Lane 50% moveable floor
- Learner Pool -17m x10m
- Confidence Water
- Pool Spectator for 250
- Poolside viewing area
- Village style wet side changing
- Fitness Gym – 180 stations
- Spa Experience
- Café/ Bistro (75 covers)
- Climbing Wall
- Youth Gym
- Crèche with Soft Play
- Two studios
- Male and Female Fitness Suite Changing
- Club / Recreational standard 4 Court Sports Hall
- Male and Female dryside (Sports Hall) changing

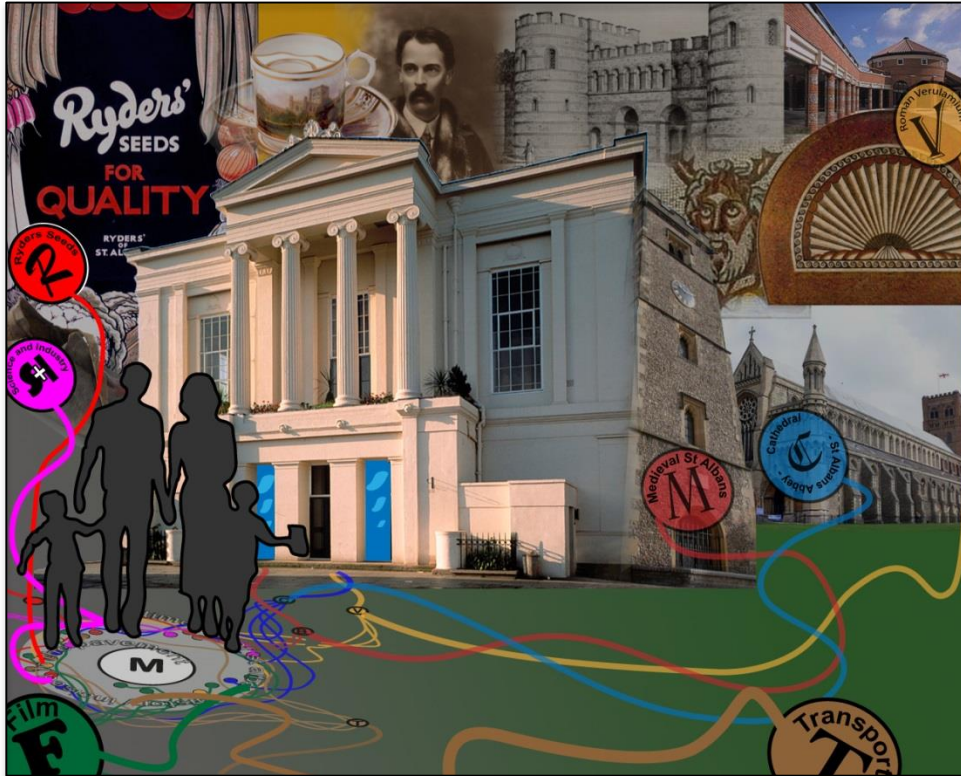
# Funding & affordability

- **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

# 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”

# Establishing commercial ventures within Town Hall facilities



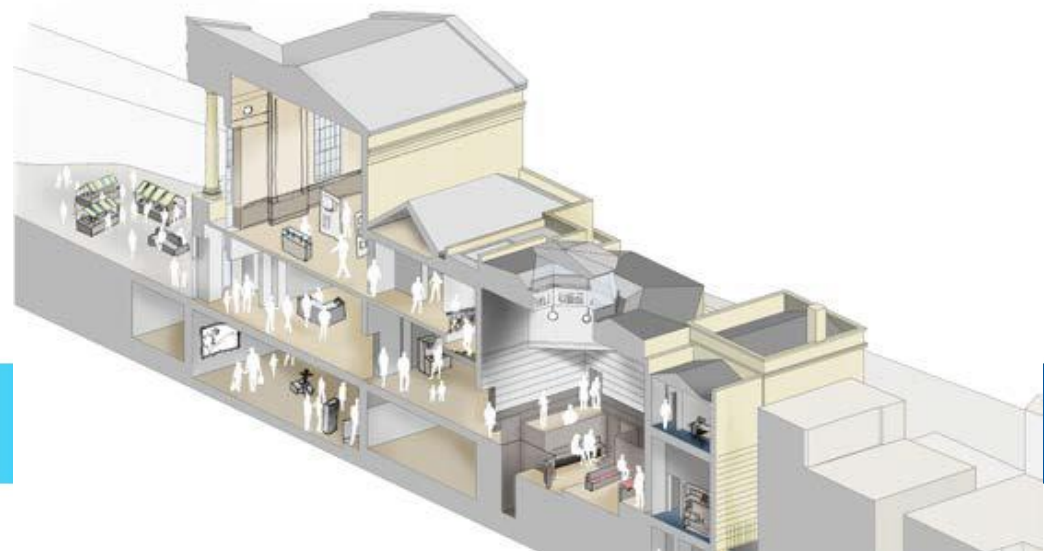
# The St Albans challenge

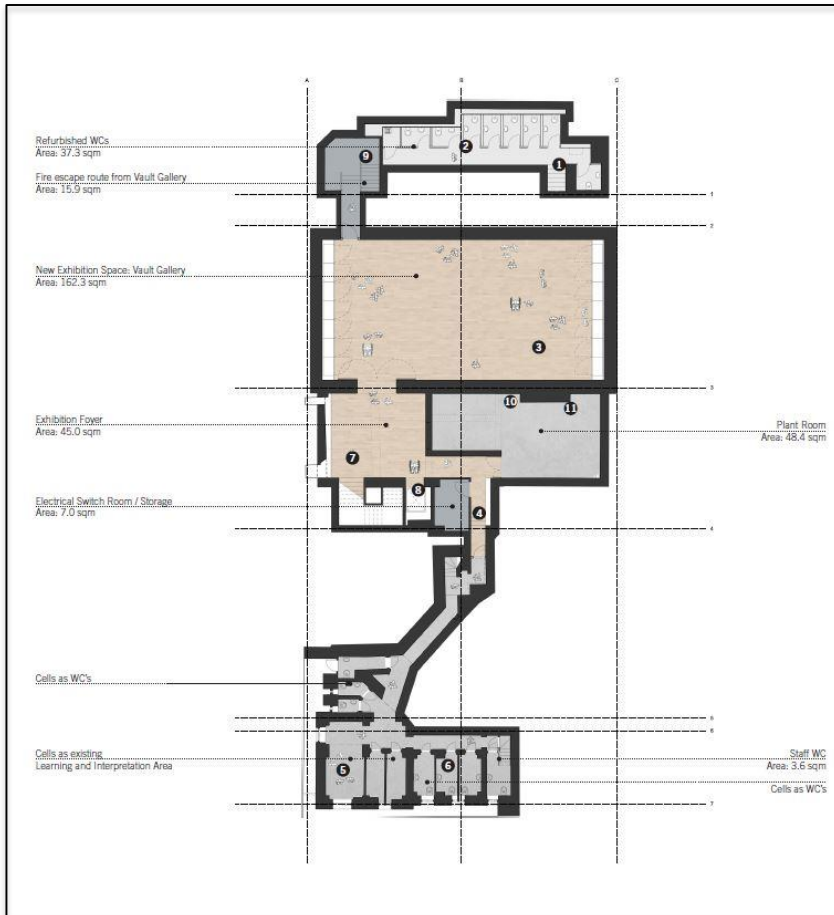
- Maintain, enhance and showcase history
- Sensitive physical regeneration and public realm
- Increase economic viability and vibrancy
- Enable community engagement and leadership



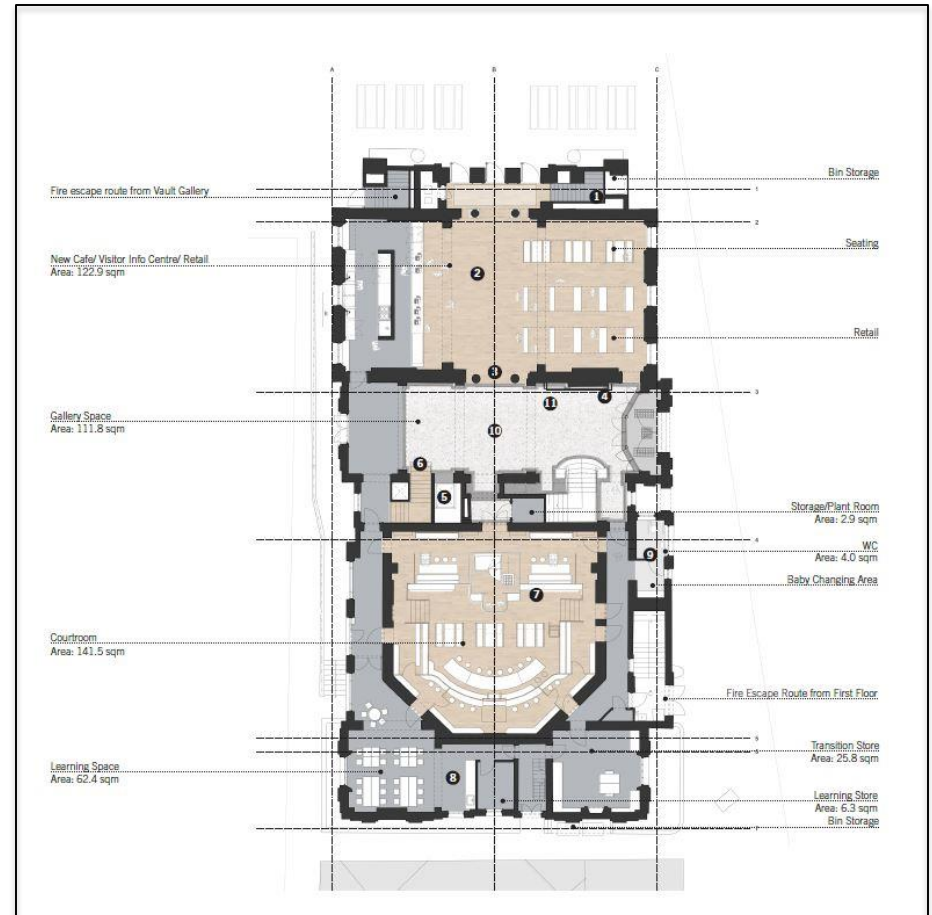
# New Museum & Gallery Project

- Centre of Mediaeval city
- Iconic building (Grade II\* listed)
- Planning challenge – but....
- Chance to show off Assembly rooms / Court House / Cells
- Chance to breath life back into building
- Cultural use for valued heritage asset
- Combine Tourist Information Centre and Museum front of house
- Regeneration – visitor draw right in retail centre





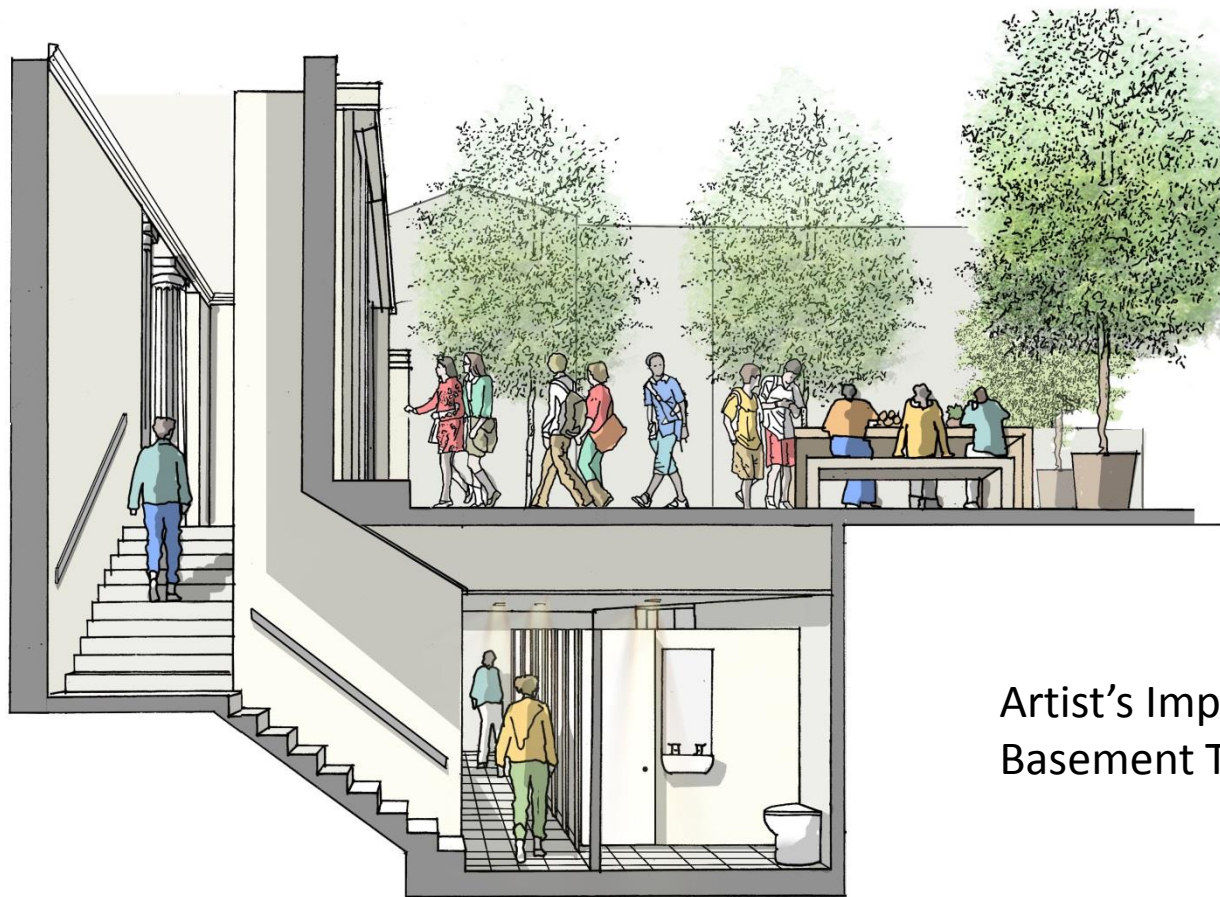
Basement



Ground Floor

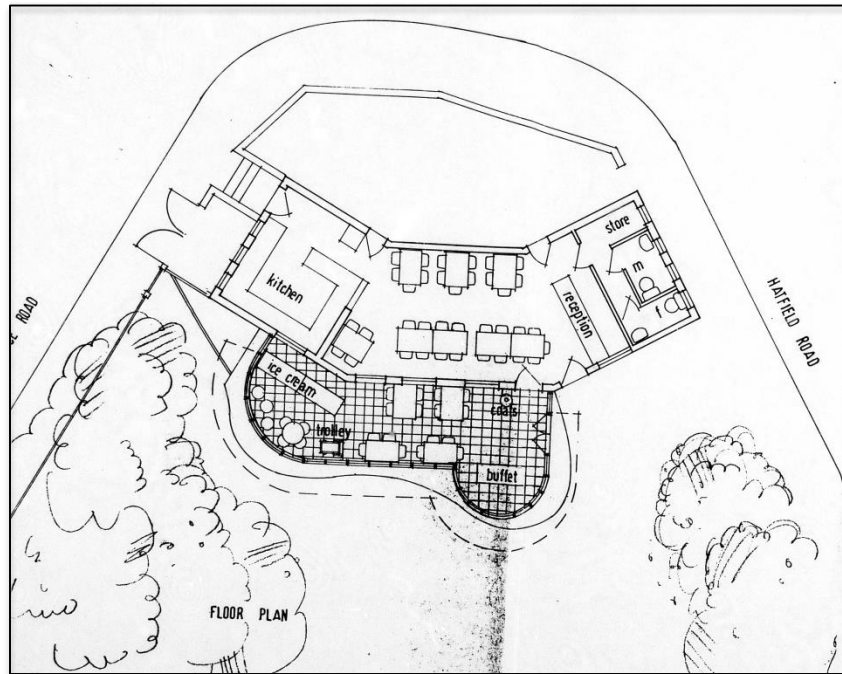
# Section View – New Museum, Long View





Artist's Impression  
Basement Toilets - Stage C

# Profit-making: From Public Conveniences to Coffee shops

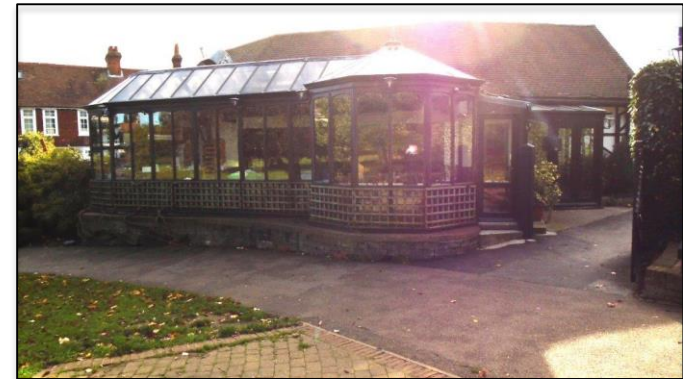
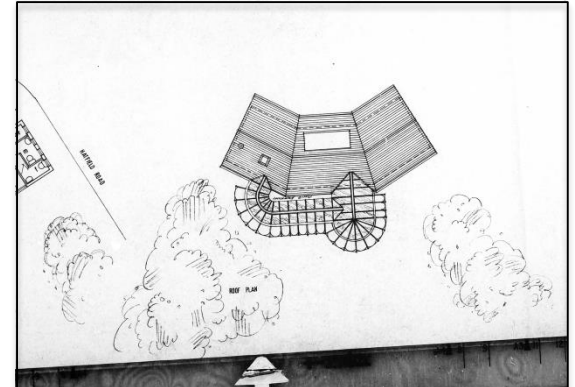
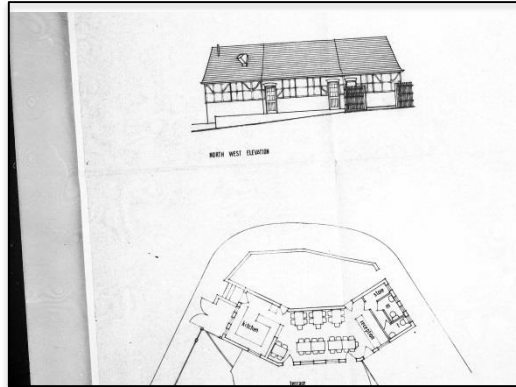


# Public Conveniences

- 'Cash cow' facilities
- Lost leader on cost - high maintenance
- Increase in graffiti and community anti-social behaviour

# Verdi's

- The Council was losing approximately £7,000 per annum as the property was not generating income as a public convenience.
- Now receive an income of £13,080 per annum (from 24 June 2011)
- A rent review is due, and it is anticipated that this figure will increase.



# Inn on the Park

- Costing the Council £40,000 per annum as a public convenience
- Now receive an income of £90,000 per annum in rent as a local café

