

## **DISCUSSION PAPER**

### **Feasibility study on a new sport and entertainment venue**

#### **Purpose**

The Corporate Plan highlights two objectives:

- i. Undertake a feasibility study for a new multi-use sports and entertainment facility
- ii. Complete the refurbishment of Guildford Spectrum, including the roof, pool air handling system and other improvements.

This discussion paper will consider these two objectives that are intrinsically linked.

#### **Background**

In 1993, Guildford Spectrum replaced the Guildford Sports Centre at Bedford Road and Bannister's Athletics Track in Park Barn. The Bedford Road Sports Centre is reported to have operated at a loss of around £300k per annum, had been built in the 1970's and was a traditional sports centre with a limited range of facilities.

The Guildford Spectrum Leisure Complex took two years to build at a cost of £28 million. It was opened on 23 February 1993 by the then Mayor of Guildford, Councillor Antony Page.

Guildford Spectrum was designed with a unique range of facilities. The mix between commercial and community facilities all under one roof remains a unique site in the United Kingdom and makes the venue a regional tourist destination with around 1.7 million visits each year. It has a catchment of 90 minute drive time for attendees and spectators to the numerous sporting and other events that take place on the site each year.

Guildford Spectrum now turns over in excess of £10 million per year from a combination of the venue and catering activities. Nationally, the venue is one of the few council leisure facilities that generate an operating surplus. It is critical for any leisure operation to have ongoing reinvestment for continued success.

The complex is situated on the edge of Stoke Park and the 26 acre site was chosen because of its proximity to the main A3 trunk road and the town. Guildford Spectrum is the largest leisure complex of its type in the UK. It contains:

- An International standard ice rink seating 2000
- 4 swimming pools including a multi flume leisure pool, 25m competition pool, a dive pool with 1m, 3m and 5m boards and a teaching pool
- 32 lane ten pin bowling centre
- 10 badminton court sports hall
- A dedicated group exercise studio
- 72 station fully equipped health and fitness suite
- a 400m athletics stadium with a floodlit football pitch
- a crèche
- a children's soft play
- a number of other smaller facilities including a spinning studio, 2 squash courts and dry sport facilities
- a number of catering and sports retail outlets
- a 1000 space car park.

Spectrum's busiest week of the year is February school half term with potentially over 60,000 visits. When individual site scores were awarded by QUEST (the quality assurance scheme for leisure), the venue was consistently scored the top site in country.

### **Guildford Spectrum's contribution to the community**

Here are some brief examples of the venue's contribution to the community. Guildford Spectrum is the biggest leisure complex in the country and its course programme, its range of clubs operating at the facility and the events staged reflect this. Examples of course participation include the Spectrum Swim School with just under 2,000 individual participants in March 2016 (excludes one to one lessons and schools) and 750 people per week enrolled on group skate lessons.

Some of the events staged at the venue since opening include:-

- World Short Track Speed Skating Championships
- World Cup Trampoline
- World Cup Fencing – Korble Cup
- International Basketball – England v Ukraine
- International Netball – England v Jamaica
- European Junior Gymnastics Championships
- ULEB European Cup Basketball
- British Short Track Speed Skating Championships
- British Women's Gymnastics Championships
- Olympics 2012 - Pre Games Training Camps including Nigeria
- Paralympics 2012 - Pre Games Training Camps e.g. Croatia & Chinese synchronised swim squad
- Guildford Flames National League games
- Premier League Snooker & Professional Darts
- Annual Sport for All
- Superstars Challenge for Comic Relief
- Music events; Backstreet Boys, Peter Andre, Ant & Dec
- Comedy events e.g. Frank Skinner
- Annual Pantomime on Ice
- Grow your Business Exhibition, Comic Con, Dog Shows, Give Blood events,
- National Cheerleading event (held in the Ice Arena)

The venue adds to the quality of life for the borough residents and delivers important opportunities for sport development and health benefits. It contributes to both the Council's Sport Development Strategy and the Health and Wellbeing Strategy.

The economic impact of the venue is not limited to just the visitors it brings to the borough. The venue directly employs around 130 staff and around 400 casual staff and coaches. It also plays a role in attracting new residents to move to the borough and businesses too.

Many fantastic sports clubs operate from the venue developing skills and offering opportunities for personal development that help participants throughout their sporting and daily lives. The venue offers something for everyone.

### **Why has Spectrum been so successful?**

- Unique mix of facilities & programme
- Good location with excellent transport links & parking arrangements
- High quality facilities
- Ongoing investment into the site planned from opening
- Culture and operation of the venue fulfilling both commercial and community objectives
- Excellent partnership arrangements e.g. Guildford Flames

**Current condition of the venue**

The venue has been open over 23 years now and has received circa 40 million visitors. It is showing its age now due to its success and because some of the original build quality was not as it should of been.

The operation of Guildford Spectrum was outsourced in 2011 to a partnership bid from GLL and Freedom Leisure (FL). Freedom Leisure, a charitable trust, operate the venue on a day to day basis. FL pay us just under £1 million per annum to operate the Guildford sites currently. We are responsible for a number of items under the Leisure Partnership Agreement (LPA) including structural repairs and roof replacement.

There have been a number of problems with the roofs at the Guildford Spectrum, related to leaking, which occurred as the venue reached practical completion towards the end of 1992 and has continued since practical completion was achieved on 19 January 1993, as well as there being other defects associated with the building.

These problems were mitigated in the short term through the £2 million building remedial works project that took place in 2007. These remedial works were principally funded through a settlement with the insurers of the original contractors, Sunleys, who had gone out of business by the time of this settlement.

The building continued to leak and it was recognised that these leaks would get progressively worse and would only be resolved by progressively replacing the roof.

As per the Corporate Plan, officers have been trying to procure a further remedial repair project to replace the roof, roof glazing and some ancillary works. The project originally went to the open market on an open tender process that only resulted in a single non-compliant tender. Feedback from the contractors indicated they were reluctant about doing significant repairs to a complex venue while the building still had some areas in use. Even if the building was shut down for a period, it has been suggested that this would increase the interest in the job but not necessarily substantially decrease the price. The revenue implications of shutting the facility would be significant and be more than any savings on construction and the disruption for the customers untenable.

A modified version of the remedial repair project has recently been the subject of a feasibility study by national contractor via a procurement framework. The cost of this modified project, including specialist consultants and specialist work already commissioned, is likely to be in excess of £12m without taking account the revenue implications of the works over the projected 130 week programme.

It is questionable whether the resulting price and period for the works, both of which are really significant, represent value for money in a building of this age. The remedial repairs will only resolve very specific issues, we will still have the remaining wear and tear on the building and plant and the design issues from the original build. The customer would not see a significant change to the appearance of the venue if we were to continue with the remedial repairs.

An alternate scheme, targeting better value for money, is currently under development. This would reduce the life span of the existing venue potentially to 10 to 15 years. The roof remains structurally sound however unless remedial action is taken it will progressively deteriorate further resulting in more and more leaks. Any scheme to improve the current roof situation is still likely to require some closures but these will be significantly less than the 130 week programme of individual facility closures under the previous remedial repair scheme.

Within the Leisure Partnership Agreement are summary objectives for the operation of the leisure venues to fulfil. Guildford Spectrum is the significant facility in this contract and the objectives laid out within the agreement would apply to any replacement facility regardless of the method of venue operation:

- To improve the health and wellbeing of their communities through increased participation
- To use sport and leisure to bring communities together
- To enable access to services by specific groups with identified needs
- To encourage and provide affordable and sustainable local facilities and services
- To explore partnerships with other organisations where these will benefit the community
- To work with clubs and voluntary organisations in the Borough to develop their activities and skill levels
- To encourage investment in the facilities to maintain and enhance the quality of service
- To bear in mind the rights, needs and aspirations of facility users and staff
- To demonstrate value for money and continuous improvement
- To recognise and maximise commercial opportunities in the facilities
- To improve the financial 'bottom line' of the Council

#### **How much would a new venue cost?**

Ultimately, the cost of a new venue would depend on the choice of facilities, where it was built and design of the venue amongst other factors. It is very difficult to estimate the potential investment required at this stage of the process.

A simple calculation of what it would potentially cost to build the equivalent venue to Guildford Spectrum now using the original project cost of £28m from 1993 and applying the Bank of England's value of money calculator, with just inflation alone (Consumer Price Index post 1996) the £28m would have increased to £51.5m.

This is not a construction specific tool. Alternatively, if you inflate the 1993 £28m applying construction specific inflation multipliers (BICS – New Construction & SPONS) it works out to the second quarter of 2015 to be £75.4m. An estimate of £80m would be a realistic indicative figure at this stage.

A project of this magnitude would need to be funded by borrowing which will create an ongoing revenue impact on the Council's general fund to service the debt. As we are a very financially secure organisation, we could secure the borrowing required however such a significant project would require careful analysis through a detailed business case to ensure the impact of the debt on the Council's revenue account is affordable and can be funded through additional income or through the delivery of other savings.

All funding opportunities will need to be explored in respect of a new venue and some funding is likely to be available from Sport England and/or National Governing Bodies (NGB's), subject to the product mix on site. In addition to this, further revenue may be generated from any business partnerships arising as part of the project.

#### **How long could it take to build?**

Again, the length of time to physically build a new venue would probably be similar to the original build time of Guildford Spectrum subject to the complexity of the new facility, where it was built and the design of the venue etc.

The complete process of the actual project would be significantly longer and would require detail planning and consultation. A complex project of this nature would require a significant lead-time of development allowing for detail public consultation,

agreeing the funding and facilities appointing specialists, architects and builders. A project on this scale could easily be ten years or more in the making.

**What other benefits are offered by building a replacement compared to a refurbishment?**

Primarily, a new venue offers the opportunity to review the product mix and take advantage of modern technology. Knowledge of the market place is very important however, consultation and research will also be critical in making the necessary decisions around facility inclusion in a new venue.

Fundamentally, the core facilities of the existing venue remain popular and continue to attract customers. With the right design it would be possible to significantly enhance the offering to the customer using the lessons learned from both Guildford Spectrum's successes and its flaws. The core provision of pools, ice rink, arena, gym and ten pin bowling have the potential to be modified in different ways to better meet market demand.

All the facilities would benefit from a more comprehensive range of ancillary facilities such as revised changing rooms and toilets. Customers would also welcome a more flexible and diverse catering and retail offer to compliment the facilities.

Other ancillary services such as public transport links and parking would need to be reviewed based on the facilities at the venue and perhaps, depending on the site, in the immediate vicinity.

The project will consider the offering of other competitor facilities within the area to analyse the gaps within the market. A key local facility is the Surrey Sports Park (summary of their facilities is at Appendix 1), although technically a competitor, we have always worked with them very successfully for mutual benefit. Interestingly when that venue opened in 2010 it did not have a material impact on the attendances at Guildford Spectrum.

Partnerships with third parties may offer the opportunity for a greater range of exciting facilities on site. These opportunities will need to be considered carefully in the context of the overall offer and the impact on the general operation of the site.

Any new build will seek to take advantage of modern technology to reduce the environmental impact the venue. The existing site is the Council's biggest energy consumer and a new build represents an opportunity to take advantage of the technology that has proved challenging to successfully retrofit.

As part of the Combined Heat and Power (CHP) project, a study is currently underway looking at the existing energy efficiency opportunities in addition to the installation of suitably sized CHP(s) for the existing site. It is likely these new units will have reached the end of their initial anticipated lifespan before the opening of a new venue however, they would have the potential to be used at alternate sites if this was not the case.

It is certain that many of the existing users and potentially new customers or partners will have suggestions for inclusion in the venue. Ultimately, these suggestions will contribute to the long-term success of a new venue however it is unlikely that any site will be able to accommodate all the suggestions for inclusion within a realistic budget for the build and ongoing operation of the venue. The ongoing demand for facilities, their maintenance and resource demands must be a significant factor for choosing their inclusion.

**Consultation**

Consultation will be key to the success of the process. It is likely it will need to be split into different project phases to ensure the consultation is appropriate and focussed on specific issues. The following list, although not comprehensive, represents the type of consultees we would be targeting during the process:

- General public i.e. users and non-users
- Local residents and interest groups such as Friends of Stoke Park
- Sports clubs, schools, user groups and Sport Guildford
- Operating partners (GLL/Freedom)
- Facility staff and coaches (e.g. Ice professionals)
- Guildford access group
- NHS Guildford and Waverly CCG
- County Sports Partnership (Active Surrey), Sport England & various sport's National Governing Bodies (NGBs)
- Key partnership users e.g. Guildford Flames & Guildford City Swim Club
- Businesses and business forums

**Methods of consultation**

Online and face to face survey

Focus groups

Presentations and exhibitions

Meetings

Website with FAQs plus social media

**Approach to the project**

Ultimately, this project will be managed in accordance with PRINCE2 methodology. It will be led by the Director of Environment, James Whiteman, and the Lead Councillor for Rural Economy, Countryside, Parks and Leisure, Richard Billington. Such a large project would involve officers from across the Council services however during the feasibility stage it would be appropriate to have a smaller group of key contributors.

The initial stage of the project would be to commission a feasibility study however, it is important the scope for this study be set out in advance so it can be appropriately focussed and therefore priced accordingly. Some of the areas to consider are set out at Appendix 2 – Feasibility study considerations.

**Considerations for the EAB**

- Views on the viability of a replacement venue
- consideration of the outline process and consultees
- important factors to consider as part of the process
- potential opportunities/facilities that could be offered by a new venue
- restrictions that may be appropriate for the project

**Appendix 1 – Key local sports venue competitor**

Opened in 2010, **Surrey Sports Park (SSP)** is a £36m elite training venue at the University of Surrey offering world class sports and events facilities.

Situated 30 minutes outside London and close to Heathrow and Gatwick Airports, the Park hosted 16 Olympic and Paralympic teams for pre-London 2012 training camps including GB Basketball, Singapore, USA Triathlon and Chinese Synchronised Swimming.

It is the permanent training base of Aviva Premiership champions Harlequins Rugby Union, Netball Superleague runners up Surrey Storm, British Basketball League club Surrey United and UK top 5 swimming club Guildford City.

It is also the regular training base of both England women's Rugby and Lacrosse teams and recently hosted the Manu Samoa Rugby and Oman National Football teams.

Surrey Sports Park was the venue for the 2013 Danone Nations Cup, 2010 IRB Women's Rugby World Cup, Jordan Brand Classic, inaugural Paralympics GB SportsFest, FIE Beazley Trophy and a number of other events, activities and training camps.

**Key Facilities**

- 50m, 8 lane, Olympic standard swimming pool
- 1,000-seat arena space
- 120 station gym and strength & conditioning area
- On site accommodation with en-suite rooms
- Extensive catering facilities
- Outdoor sports space and pitches
- 3 artificial pitches including 3G turf
- Climbing wall
- 6 squash courts
- 2 large exercise studios/conference rooms
- Additional meeting rooms
- Extensive changing/multi-purpose rooms
- Car and coach Parking
- Professional account management and event delivery services

**Attendances**

Over 5 million attendances since its opening in 2010.

**Source: SSP website**

## Appendix 2 - Feasibility study considerations

In terms of establishing the scope of the project, some of the questions we should be asking of ourselves before seeking or procuring potentially costly external support are as follows:

### What?

- What does the term “multi-use sports and entertainment” mean to us?
- Are we looking for a multi-use sports and entertainment facility that is aimed at being a national centre? Or a centre of regional focus? Or simply enhanced facilities for the local population and surrounding area?
- What can the market support? Is there scope for a new facility in Guildford borough? (probably a question for the feasibility study itself)
- Is the purpose to provide fantastic facilities, whatever the cost, out of altruism towards Guildford, or are we looking for the scheme to be entirely self-sufficient? Or seeking a balance of some sort?
- What size facility are we envisaging?
- How much land is likely to be involved?
- What are our aims/lines in the sand in respect of requiring development to be sustainable? Should these be scoped in to the study from the outset?
- Can we estimate what the parking requirement is likely to be?
- Are we simply looking to re-provide and upgrade existing facilities already found within the borough rather than a brand new centre?
- What are the benefits/risks? (do we want the study to include a detailed cost/benefit analysis or just look at overall general deliverability of a scheme?)
- What do our residents want?
- What do we envision doing with existing facilities? (i.e. is this new facility an adjunct or a replacement for them?)
- Should the feasibility study include consideration of a ‘do nothing’ scenario? If so should it examine costs of maintaining/upgrading existing Council sports and leisure facilities or can/should this analysis be undertaken by ourselves in tandem?

### Where?

- Does it have to be in Guildford itself?
- Are we focusing such a facility on the town centre or on the outskirts?
- Do we want the study to identify a range of possible sites for a facility or should we provide a shortlist of sites we want to be looked at upfront? Do we know which site(s) are locationally preferable?
- Can/should we seek to locate a facility where it would not unduly add pressure to existing areas of vehicle congestion?
- What existing sites/facilities are there in GBCs control that we could put forward as possible locations for such a facility?
- What land use and planning constraints exist for these various sites? (e.g. both existing and emerging Local Plan allocations, ground conditions, flood risk, presence of trees, landscape considerations, access, etc.). Can we provide details/plans of these upfront to the consultants appointed to save on costs? If so, which ones?



**Who?**

- Who is this new facility primarily aimed at and our target audience? (also see under 'What?' above)
- Who are our main competitors both in Guildford and beyond? (or do we want the feasibility study to establish this?)
- Do we want to provide and run such a facility ourselves?
- Would we consider a joint venture with another outside party? (e.g. would we allow a third party operator to piggy-back on to a development to make it viable or more attractive to potential visitors or do we want to retain complete control ourselves?)
- Would we consider mixed uses in conjunction with the leisure offer to be looked at as part of the feasibility study? (e.g. retail)
- Who do we envisage managing such a facility going forward?
- Who else within the Council (or our partners – e.g. SCC) can assist or provide data/evidence to inform the study?

**How?**

- How will procurement/production of the feasibility study, itself, be funded?
- Should the consultants be asked as part of the study to look at possible funding streams/grants/loans potentially available for the capital outlay that will be necessary?
- Do we want the study to identify options for how the facility will be managed going forward (e.g. estimating revenue streams from the various options)
- How much detail are we looking for the study to go into?
- How do we ensure that the scheme is what the community wants? (should the study encompass an element of public engagement or do we want to do this ourselves?)
- How will we ensure service continuity whilst any new facility is being constructed? (or is it too early to establish this?)

**When?**

- When are we reasonably likely to be in a position to commission a study?
- How long do we want to give a consultant to deliver a feasibility study?
- Should we undertake a public engagement exercise to establish the appetite for multi-use sports and entertainment facilities and preferences before commissioning a feasibility study?
- Do we have any thoughts about our envisaged timescales for delivery of such a facility if a scheme is found to be feasible?
- Can we look to tie delivery in with the programming of other projects (e.g. town centre regeneration schemes, upgrading of existing facilities)?

It should be noted that the list above is included as a starting point for discussion only and is not intended to be exhaustive or all encompassing. It is acknowledged there may be other important questions that need to be asked at this stage.