

CABINET MEETING – 8 APRIL 2009

EXECUTIVE SUMMARY SHEET – PART I

Title of Report :

Football Development Opportunities

Author(s):

Director of Community and Cultural Services

Purpose of Report:

The purpose of this report is to advise Cabinet of football development opportunities in Sunderland, with specific regard to the Northumbria Centre (Washington) and the artificial turf pitches (ATP) at Silksworth Sports Complex.

Description of Decision:

Cabinet is requested to agree the following proposals in relation to the Northumbria Centre and the ATP at Silksworth Sports Complex:

To seek expressions of interest from commercial operators, and to proceed with the selection of commercial operators to lease, develop, manage and operate the football facilities in accordance with the contents of this report, and subject to the necessary agreements being obtained.

Is the decision consistent with the Budget/Policy Framework? Yes

If not, Council approval is required to change the Budget/Policy Framework

Suggested reason(s) for Decision:

The reason for the decision is to ensure that a step change is made in respect of improving the quality of existing facilities.

The artificial pitch at Silksworth Sports Complex was laid in 1983 and was envisaged to have a lifespan of approximately 15 years. The pitch is in need of replacement and a new surface will ensure that usage is increased and an annual income is achieved from a commercial developer.

A redevelopment at the Northumbria Centre will ensure that an essential upgrade the facility is undertaken and the annual subsidy presents a cashable saving to the Council.

Facility developments supports the Council's and the city's objectives in relation to increasing participation in physical activity, improving health, tackling obesity and addressing anti-social behaviour through providing accessible positive activities. External investment into Council owned facilities will support the achievement of aspirations in the above areas.

The developments will also contribute towards the following national performance indicators:

- NI8 Adult participation in sport
- NI57 Children and young people's participation in high quality PE and sport
- NI55 Obesity among primary school age children in Reception Year
- NI56 Obesity among primary school age children in Year 6
- NI110 Young People's participation in positive activities

Alternative options to be considered and recommended to be rejected:

The option exists to do nothing in respect of Northumbria and Silksworth, however in doing so, the facilities will continue to deteriorate, maintenance costs will continue to rise and usage of the facilities will fall.

In 2006 an 'invest to save' option was explored in respect of Silksworth, however it was concluded that the most appropriate way forward would be to minimise the risk of the investment through a commercial partner.

Is this a "Key Decision" as defined in the Constitution?

Yes

Is it included in the Forward Plan

Yes

Relevant Review Committee:

Culture and Leisure

REPORT OF THE DIRECTOR OF COMMUNITY AND CULTURAL SERVICES

FOOTBALL DEVELOPMENT OPPORTUNITIES

1. Purpose of the Report

- 1.1 The purpose of this report is to advise Cabinet of football development opportunities in Sunderland, with specific regard to the Northumbria Centre (Washington) and the artificial turf pitches (ATP) at Silksworth Sports Complex.

2. Description of the Decision (Recommendation)

- 2.1 Cabinet is requested to agree the following proposals in relation to the Northumbria Centre and the ATP at Silksworth Sports Complex.

To seek expressions of interest from commercial operators, and to proceed with the selection of commercial operators to lease, develop, manage and operate the football facilities in accordance with the contents of this report, and subject to the necessary agreements being obtained.

3. Background and Context

- 3.1 The Leisure Facilities Plan (LFP) previously adopted by Cabinet, proposed testing the feasibility of the football market and the potential impact upon existing use, of entering into a partnership with a football operator to develop and manage the Northumbria Centre.
- 3.2 Informal market sounding and research conducted by Community and Cultural Services, suggests there is market interest both locally and nationally in developing the Centres' facilities and management arrangements.
- 3.3 The LFP also concluded that in order to optimise Silksworth Sports Complex's potential, work should be commissioned in relation to the future master planning of the site. Cabinet will be aware that this master planning has led to the development of a 25m swimming pool on this site. The LFP also concluded that the ATP was in need of significant investment if it was to maintain its current levels of demand.

4. The Northumbria Centre

- 4.1 The Northumbria Centre is located in the Washington area, half a mile from the A1(M) and 2.8 miles from the A19 using the A195. The Centre consists mainly of a sports hall, function suite with bar and complimented by outdoor football fields. The Centre is recommended as a destination for indoor and outdoor football provision within the city.
- 4.2 The Centre is in need of major refurbishment if it is to compete in the 21st century leisure market. Significant expenditure is required to purchase new equipment and carry out general repairs, together with the required

replacement of the existing sports hall floor. A full building survey has been undertaken concluded that £599,000 would be required to prevent the building falling into immediate disrepair. Further, it was identified that a budget cost for developing the venue into an indoor football centre is estimated at circa £3m.

- 4.3 Advice has been taken on the most appropriate development options to secure optimum arrangements for the Northumbria Centre which provide both social and financial outcomes for the City Council.

Based on research undertaken it is proposed that the development opportunity should include:

- The shell of the Centre being retained and significantly refurbished;
- The old outdoor all weather pitch and surrounding perimeter areas of the Centre be developed for outdoor football provision;
- Depending on what interest is received, the facilities should include floodlit outdoor pitches, indoor 3rd generation football pitches, group changing rooms, reception and ancillary space.

- 4.4 The Northumbria Centre has over 50 weekly block bookings, including indoor five-a-side leagues and approximately 67,000 attendances annually. It is considered that all football related bookings will experience a “step change” in the quality of provision once works are complete. In the interim, an audit will be undertaken of available space and relocation arrangements developed for existing customers whilst redevelopment takes place.

- 4.5 It should be noted that Cabinet approval is being sought for the Northumbria Centre development in advance of finalising negotiations with the Homes and Communities Agency to waive any potential clawback in respect of previous investment in the centre and therefore this part of the proposal is dependant upon such an agreement being reached.

5. Silksworth Sports Complex

- 5.1 The Silksworth Sports Complex covers the former Silksworth colliery site, formerly a vast area of dereliction. The site has two grass football pitches, changing provision, a dry ski slope, athletics track, two sporting lakes, a wheeled sports park and two artificial surfaces.
- 5.2 The two floodlit artificial pitches were laid in 1983 with an approximate lifespan of 15 years. During the last four years significant repairs have been undertaken to the surfaces.
- 5.3 Over their 26 year lifespan, the pitches have been well used for both football and hockey. In the last few years due to the quality of the pitches and the development of other water based pitches, hockey teams have chosen to move to new venues and the pitch is only used occasionally by schools for hockey. Currently the only bookings being taken are for five-a-side football.
- 5.4 Income from the pitches in the last three years has been affected by closures, due to bad weather.

- 5.5 Alternative ways of improving the surface have been explored and has been concluded that the most appropriate way forward would be to minimise the risk of investment through a commercial partner.
- 5.6 The ATP is in need of replacement and a new surface will ensure that usage is increased and an annual income stream of approximately £200,000 will be realised by the Council via a leasing arrangement. The development opportunity presented will be for a commercial operator to refurbish the artificial turf to an agreed standard (potentially 3rd generation) and to operate the facilities on a commercial basis.
- 5.7 The artificial pitch at Silksworth has over 30 weekly block bookings including a five-a-side league and approximately 40,000 attendances annually. An audit will be undertaken of available alternatives for existing customers whilst redevelopment takes place.

6. Development Brief

- 6.1 In order to ensure that the City Council delivers on its social objectives within these proposed developments, the 'development briefs' presented to market will focus on selected outputs to encourage take-up from residents and to support the Council's objectives for participation and access.
- 6.2 The following objectives are considered to be important considerations in developing future arrangements:
- A substantial improvement in the quality of facilities provided;
 - A predominance of football related activities should continue to be provided;
 - A sustainable business plan;
 - A balanced, accessible and affordable provision for target / hard to reach groups;
 - Contribution to the development of football at a grass roots level;
 - A demonstrable contribution to the delivery of the Council's Sport and Physical Activity objectives, as well as the Sunderland Strategy;
 - Linkage to national/regional arrangements for football development and partnership working with the Football Association;
 - Meeting the full costs of any demolition, infrastructure improvements, site clearance and future development;
 - Mitigation of the Council's financial commitments.
- 6.3 The development briefs will relate to the areas of land within the outlines shown in Appendix 1.
- 6.4 It is intended that both facilities will be marketed together, but it will be made clear that both developments will be operated under separate lease agreements. The briefs will be advertised both regionally and nationally. Over the past four years, a database of 'interested' commercial football operators has been maintained and these operators will be notified of the development opportunity.
- 6.5 It is envisaged that the length of the lease agreements will be for a minimum of 25 years each. This time period may increase depending upon the level of

investment from the commercial partner. Appropriate arrangements will be put in place to ensure the facilities are sustained.

7. Reason for the Decision

7.1 The reason for the decision is to ensure that a step change is made in respect of improving the quality of existing facilities.

7.2 The artificial pitch at Silksworth Sports Complex was laid in 1983 and was envisaged to have a lifespan of approximately 15 years. The pitch is in need of replacement and a new surface will ensure that usage is increased and an annual income is achieved from a commercial developer.

7.3 A redevelopment at the Northumbria Centre will ensure that an essential upgrade the facility is undertaken and the annual subsidy presents a cashable saving to the Council.

7.4 Facility developments supports the Council's and the city's objectives in relation to increasing participation in physical activity, improving health, tackling obesity and addressing anti-social behaviour through providing accessible positive activities. External investment into Council owned facilities will support the achievement of aspirations in the above areas.

7.5 The developments will also contribute towards the following national performance indicators:

NI8 Adult participation in sport

NI57 Children and young people's participation in high quality PE and sport

NI55 Obesity among primary school age children in Reception Year

NI56 Obesity among primary school age children in Year 6

NI110 Young People's participation in positive activities

8. Alternative Options

8.1 The option exists to do nothing in respect of Northumbria and Silksworth, however in doing so, the facilities will continue to deteriorate, maintenance costs will continue to rise and usage of the facilities will fall.

9. Relevant Consultations

9.1 Financial

Northumbria Centre - The financial implications associated with the proposal would result in a net saving to the Council of approximately £36,607 per annum (based on 2008/2009 budget). It should be noted that additional financial implications may be relevant as part of the land covenants outlined in Section 9.3 (i).

Silksworth SC – The financial implications associated with the proposal are estimated to result in net reduction in cost of £200,000 in 2009/2010 and future years. This takes into account the loss of income from the existing pitch, revenue savings associated with maintaining the pitch and the income from the new operator.

9.2 Human Resources

Northumbria Centre

The current posts at the Centre are as follows:

1 x full time post

4 x part time posts

Alternative management arrangements at Northumbria Centre may have implications associated with the potential transfer of staff (TUPE). The staff and their Trades Unions will be engaged in an appropriate consultation process as the procurement arrangements progress.

Silksworth SC - There are no employee implications, as the facility staffing structure will remain the same to support other activities on the site.

9.3 Legal

i) **Northumbria Centre** – There are potential considerations associated with claw back options to be exercised by Sport England and English Partnerships (now the Homes and Communities Agency). The Sport England claw back provision was for a period of 21 years and as of February 2008 this period has lapsed.

The English Partnerships (Homes and Communities Agency) claw back potential is in relation to a Community Related Assets Package which includes a Category II provision. The charge on the asset is for 50 years. An estimated payback calculated in 2006 for both the Northumbria Centre and Northern Playing Fields combined was £1.1million. However, the Category II transfer provision does include exclusions one of which is, 'creation of a lease or license without taking a premium which confines the use of the land or building to specified use'.

To conclude this issue and to give blanket release from Category II provision, English Partnerships (Homes and Communities Agency) will need to see full details of any developmental brief and proposal from developers in order to provide a definitive answer. From preliminary discussions, English Partnerships has provided a strong indication that they would waive the claw back on the basis that any receipt would go back into the facility.

- ii) **Northumbria Centre** - The STRANG Riding Club have access (25 year lease from July 2003) through the Northern Area playing fields. Any proposals from a developer would need to ensure that access for the Club is maintained.
- iii) **Northumbria Centre** – The Northumbria Centre Trust is a group who are active under the umbrella of the Northumbria Centre. The Trust has no powers over the premises, but its main role is to support the development of sport and groups based at the Northumbria Centre. In recent years the opportunity to release funds has been limited due to very few clubs being based at the Centre. The fund is managed by the City Treasurer. The Trust will be consulted during the ensuing process.

9.4 Planning

Both sites may require planning approvals depending on the nature of the development proposals.

9.5 Procurement

The procurement methodology relating to these facilities is consistent with a case heard by the European Court of Justice ('Roanne' case), whereby if a local authority entrusts another party with the execution of works it will constitute a "public works contract", regardless of whether the works are being undertaken for the benefit for the local authority, for public use or for a third party. This being the case, then the following will apply.

Northumbria Centre

It has been estimated that the cost to refurbish the facility is approximately £3m. In addition, the successful developer may wish to refurbish outdoor space and this would more than likely take the value of the works close to, or above the £3.49million OJEU threshold). This being the case, then it is considered an OJEU process should be implemented.

Silksworth Sports Complex

It is proposed to grant a lease arrangement for this facility, without a detailed service specification, which will require an annual rent payment by the operator. This being the case, then an OJEU process will not need to be followed as the value of the works will be below £3.49million threshold.

9.6 Other Provision

There will be no significant impact on other provisions in respect of the two proposed developments. Both facilities are already dedicated sites for football within the city and the proposed developments would simply enhance existing standards. The city has many venues for football, including grass pitches, artificial pitches and indoor sports halls. Currently there are no other football opportunities which are being delivered by the Council in partnership with the commercial sector and this provides an opportunity for the city to deliver a mix of delivery arrangements to improve choice and facility standards. All opportunities to play football in the city are detailed on the map in Appendix 2.

9.7 Risk Analysis

The potential risks associated with this proposal are summarised below:

- i) Level of Market Interest

In order to generate market interest in the proposals the briefs will be promoted through appropriate industry networks and through contact with operators previously expressing interest in this type of project.

- ii) **Realisation of Efficiencies**
Previously detailed work has been undertaken to profile the potential financial benefits associated with these proposals. In relation to the Silksworth project, a detailed business planning exercise, predicated on an in-house, “invest to save” approach, evidenced clear potential to realise the £200,000 efficiency.
- iii) **Maintaining Reputation**
 - A rigorous procurement process will be developed to ensure an appropriate partner is engaged.
 - Work will be undertaken with the existing valued customer base to ensure appropriate relocation arrangements
- iv) **Affordable Access & Social Objectives**
The procurement process will have clear regard to the existing affordable access policy arrangements and the ongoing delivery of the Council’s social objectives.

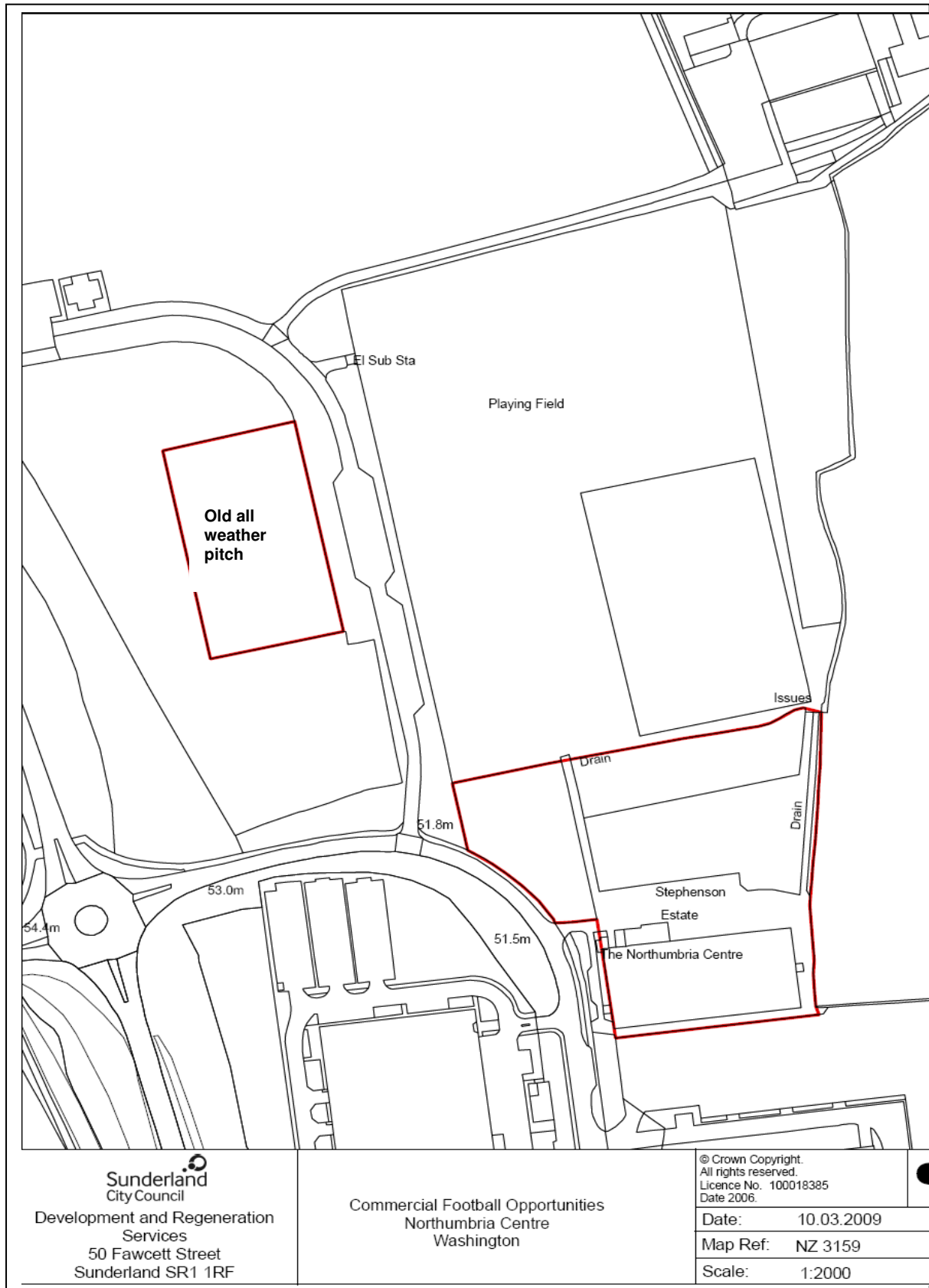
10. Conclusion

- 10.1 In order for facilities at Northumbria and Silksworth to be improved, significant investment is required to bring the facilities back to an acceptable standard. It is considered that the most appropriate way to achieve this is to enter into a partnership with commercial football operators. It is anticipated this approach will provide ongoing revenue efficiencies and capital investment gains.

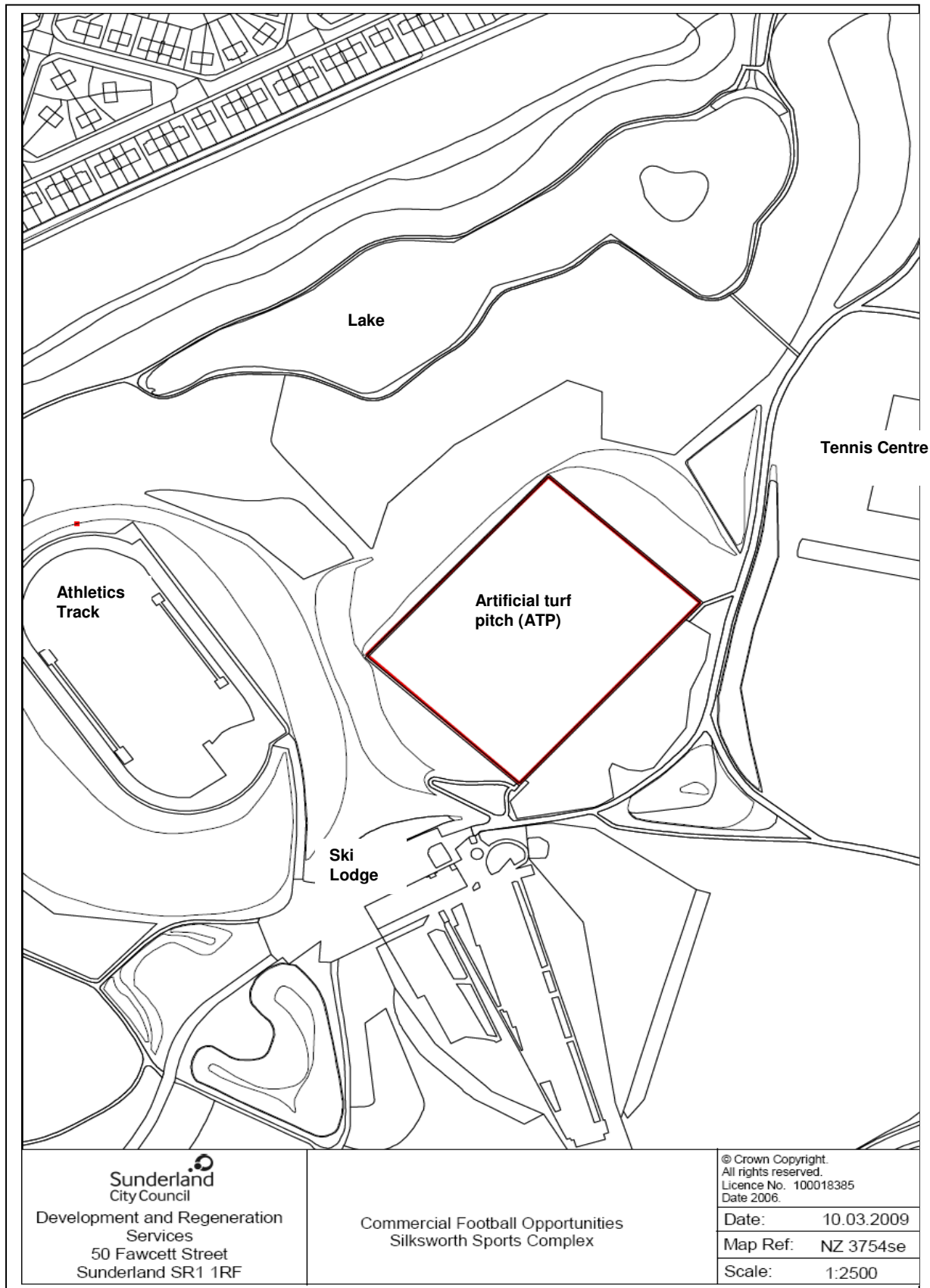
11. Background Papers

- 11.1 The following background papers were relied upon to compile this report.
 - Background files on the Northumbria Centre, located at South Hylton House
 - Cabinet Report October 2004 – Leisure Facilities Research
 - Cabinet Report January 2005 – Peoplefirst Programme Review
 - PMP Research 2006
 - Northumbria Centre Building Survey provided by Property Services 2008
 - E-mail from CCS Finance confirming financial subsidy payment for Northumbria Centre
 - E-mails from City Legal Services in connection with the ‘Roanne’ decision.

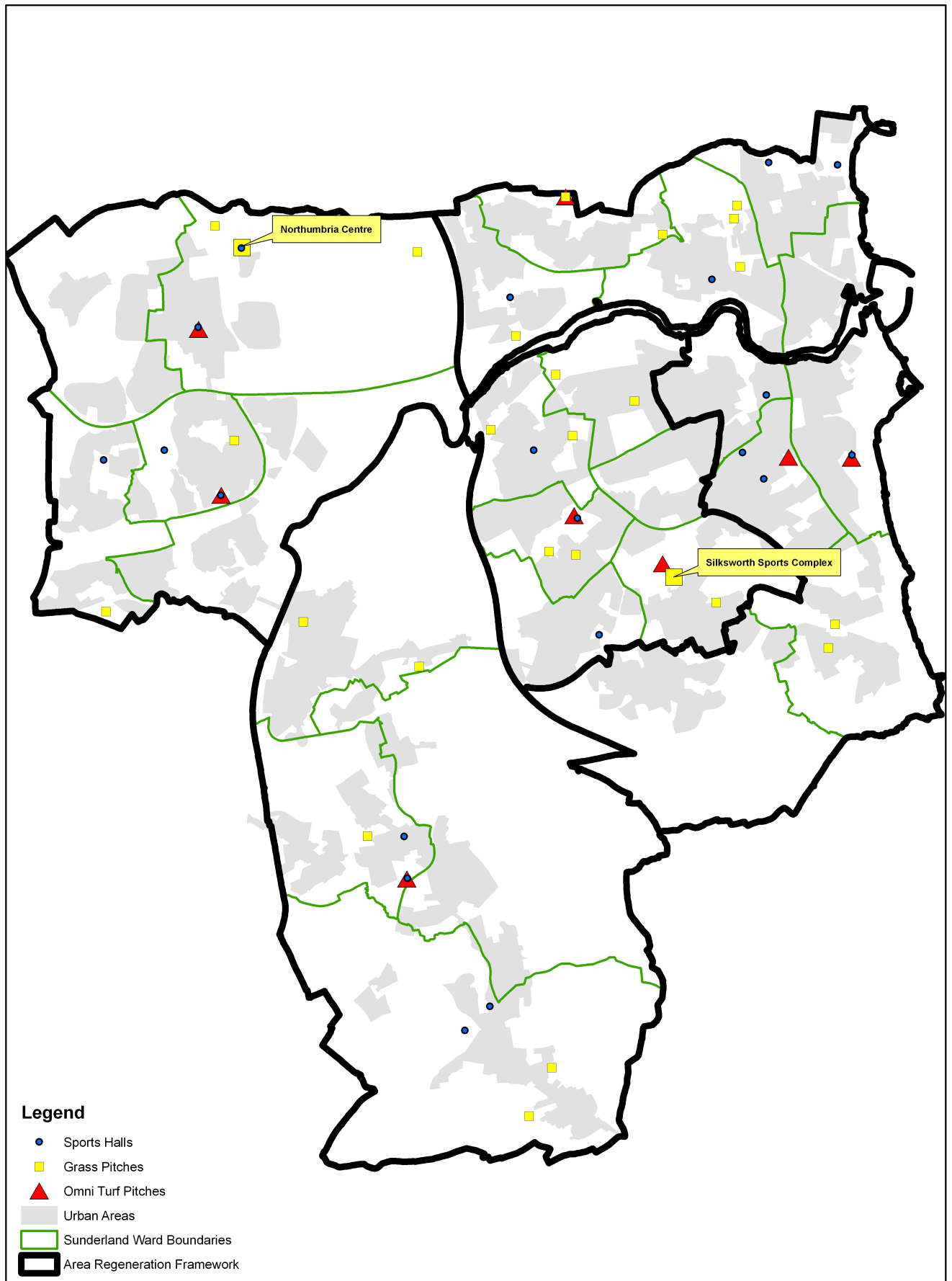
Appendix 1 – Northumbria Centre Development



Silksworth Sports Complex Development



Appendix 2 – Football Facilities in Sunderland



Legend

- Sports Halls
- Grass Pitches
- ▲ Omni Turf Pitches
- Urban Areas
- Sunderland Ward Boundaries
- Area Regeneration Framework