

# Public Document Pack



## Supplement 1

Dear Councillor

### **EXTRAORDINARY COUNCIL - TUESDAY, 30TH JULY, 2019**

I am now able to enclose, for consideration at next Tuesday, 30th July, 2019 meeting of the Extraordinary Council, the following reports that were unavailable when the agenda was printed.

<b>Agenda No</b>	<b>Item</b>
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- |    |   |
|----|---|
| 4. | <b><u>King Georges Playing Field</u> (Pages 3 - 92)</b> |
|----|---|

Yours sincerely



Interim Chief Executive

Encs



**30 July 2019**

**Extraordinary Council**

**King George's Playing Fields & Football Hub  
Development**

**Report of:** *Kim Anderson, Partnership, Leisure and Funding Manager*

**Wards Affected:** *All*

**This report is:** *Public*

## **1. Executive Summary**

- 1.1 At the 27 February 2019 Ordinary Council (min. ref. 339) Members agreed to the inclusion of £7m for the development of King George's Playing Fields within the Capital Program as part of the budget setting process. It was agreed at 23 January 2019 Policy Projects and Resources Committee (min. ref. 302) that expenditure would only occur, subject to the full business plan and operating model details being approved by a future Policy, Projects and Resources Committee (or relevant committee).
- 1.2 A report (Appendix **A**) and business plan (Appendix **B**) for King George's Playing Fields went to 10 July Policy, Resources and Economic Development improvements for consideration where members requested some further information. It was therefore recommended that the report and further information (set out in Appendix **C**, **D** and **E**) be submitted to Extraordinary Council on 30 July 2019 as well as a request for an additional £173,000 to be allocated to the capital programme to support the delivery of the project.
- 1.3 The business plan has looked at a number of options for the pavilion and the outdoor adventure play to ensure that the business model for the improvements is both financially viable and supports the needs of the community both now and in the future. The Football Hub Development is also included within the business plan as it is intrinsically linked to the King George's Playing Fields improvements.

## **2. Recommendation(s)**

### **2.1 That Members agree to the recommendations in the business plan:**

**In particular agree to:**

- 1. Option 4 for the pavilion building**
- 2. Option 2 for the Splash Pad**
- 3. Option 2 for the outdoor adventure play**
- 4. Option 3 for the operating model**

### **2.2 Members approve that the total budget allocation of £7.173m is included in the capital programme and approve the drawdown of funds to support the delivery of the project**

### **2.3 Installation of a new changing places facility that will support the outdoor play activities**

### **2.4 Agree for officers to commence a procurement exercise to appoint a contractor to undertake the football feasibility works to support the football hub development at the Brentwood Centre site**

## **3 Background**

3.3 At the 5 March 2018 Community Health and Housing Committee, Members agreed to the draft Leisure Strategy and Action Plan which was subsequently referred to Policy Projects and Resources Committee on 12 March 2018 for their consideration. The Strategy was sent for consultation and the final strategy and action plan was agreed by Community Health and Housing Committee on 3 July 2018 and the Policy, Projects and Resources Committee on 18 September 2018.

3.4 At the 12 March 2018 Policy, Projects and Resources Committee the budget was agreed, and delegated authority was given to the Chief Executive in consultation with the Chair of Community Health and Housing Committee and the Leader of the Council to appoint a Leisure Development Partner to develop a sustainable business plan for the improvements to King George's Playing Fields.

3.5 Alliance Leisure Services (ALS) were appointed to develop the sustainable business plan with a facility mix of community and commercial activity that will be financially viable for the Council and which supports the needs of the community both now and in the future.

3.6 As part of the project brief ALS were asked to examine the current use of the park, current income and expenditure, current lease arrangements and to undertake consultation with the relevant key stakeholders.

- 3.7 The brief identified some key desirables for the site which included improvements to the pavilion building, provision of some indoor soft play, outdoor adventure play and a wet play offer.
- 3.8 Alliance has completed the relevant surveys of the park, assessed the current and future demographics, identified potential income streams and have drawn up concept plans for the site. A competition analysis has also been undertaken which identified drivetime to existing leisure facilities and their relevant pricing structures. This informed the recommended the preferred facilities mix to maximise visitors to the park.
- 3.9 Officers and the Leisure Development Partner's architect have had three pre-application meeting with Planning Development department to identify relevant planning policies and any conditions and restrictions that need to be considered. The design and the location of the pavilion building has been amended as a result to make it more in keeping with its park surroundings and it is proposed that this sits adjacent to the existing pavilion.
- 3.10 Consultation has also taken place with key stakeholders for the pavilion and the wider public around the improved offer in KGPF to determine the type of facility mix both inside the pavilion and outside that could provide additional viable income streams, that in turn would support the 'free' community offer in the park.
- 3.11 Formal statutory planning consultation will also be undertaken as part of any planning submission.
- 3.12 Officers and ALS have also reviewed the assumptions (Appendix D) that have been made to the financial modelling of the initial business plan.
- 3.13 There are four key options that will need to be agreed going forward: The operating model, the location of the pavilion building, the type of outdoor adventure play and the wet play offer.
1. Options for the pavilion building
  2. Splash Pad options
  3. Outdoor Adventure Play
  4. Operating Model
- 3.14 **Type of operating model** that would manage the new facility as set out below:

1. directly managed by Brentwood Borough Council;
2. through the establishment of a trust/CIC which is an unconnected party;
3. or offered to an existing third-party provider to manage on the Council's behalf or through a Wholly Owned Company

With each of the operating models' officers needed to identify the benefits and/or disadvantages on the financial return to the Council, such as VAT, National Non-Domestic Rates (NNDR), staff pension costs and the optimal rental return. The options appraisal for the operating model is set out in Appendix C of the report.

- 3.15 **Options for the pavilion building.** There were four options that were considered:
1. Do nothing;
  2. Refurbishment of the existing pavilion building;
  3. New building on existing footprint;
  4. New building on new footprint.
- 3.16 **Splash Pad Options** – Options were looked at the style and type of system to use as the old paddling pools had been removed.
- 3.17 **Outdoor adventure play options** - ALS looked at the current types of provision both in Brentwood and the immediate vicinity to determine what activities could be included and whether they could provide a viable income stream. Two providers were shortlisted HAGS and Kompan.
- 3.18 The existing pavilion has 16 changing rooms which are currently used by Brentwood Rugby Club and adult football clubs. The Council is looking to move the adult football to the Brentwood Centre site as part of a proposed football hub development. The Council has been advised that Brentwood Rugby Club will be developing their own changing facilities attached to their pavilion building adjacent to the Ingrave Road entrance into KGPF. If the football hub development is progressed at the Brentwood Centre site, then the requirement for the changing room facilities can be reduced within the new pavilion to 4.
- 3.19 A report (Appendix A) together with the business plan and supporting appendices (Appendix B) was submitted to Policy, Resources and Economic Development for their consideration on 10 July 2019. A number of questions were raised by Members, so it was agreed by Members on the night that the report together with some supplementary information be submitted to

Extraordinary Council on 30 July 2019. The additional information is set out in Appendix **C**, **D** and **E**.

#### **4 Issues, Options and Analysis of Options**

4.1 One of the key workstreams under the Leisure Strategy is the Council's built leisure facilities and it was agreed by Members at the 12 March 2018 Policy, Projects and Resources Committee to focus on King George's Playing Fields and work with a Leisure Development Partner to develop a sustainable business plan for the park.

4.2 ALS were appointed to develop a sustainable business plan which examined commercial opportunities that could continue to support the free community offer in the park. This would include new indoor soft play, TAG Active, the development of new outdoor adventure play as well as a splash pad to replace the paddling pools.

#### **4.3 Options for the pavilion building were:**

**Option 1 - Do Nothing** – Whilst this option would cost less money, the existing building does not deliver the outcomes that the Council would want from the site. The pavilion was built in 1970s, so it is not as efficient and effective as it should be, it is not fully accessible and there are no fully accessible changing facilities. The site costs including the pavilion building will still cost the Council money as part of the general repairs and maintenance. It is estimated that the annual costs (including grounds maintenance) would be in the region of **£531,472**.

**Option 2 – Refurbish the existing pavilion building** – The associated costs and disruption during the build would not achieve all the outcomes that the Council would want to see. There would also be a requirement for transitional arrangement for the current tenants/ businesses/organisations that would need to be in place while the build works were being carried out. Transition arrangements need to be in place to ensure that there is business as usual when improvement works are being undertaken. This is estimated that these costs alone will incur a monthly revenue pressure of around £15,000 (decant costs). The refurbishment of existing pavilion may not be a big enough footprint to generate the required income to finance the capital costs and ensure sustainability going forward.

**Option 3 – New build on part of the existing footprint** – As in Option 2 there would additional costs for any transitional arrangements during the build phase which would impact on the current businesses/organisations. Whilst the build

would provide a more efficient and effective building and meet the desired outcomes, the estimated costs for this option would exceed the current budget allocation of £7m by approximately £15,000 per month (decant costs) and would also lengthen the build time, increase build costs and have a much longer disruption and impact on the park.

**Option 4 – New build on new footprint** – This is the preferred option as it will not require transitional arrangements. The move of the pavilion building adjacent to the existing building will still provide a central hub to service the areas of the park and will not impact on the existing tarmacked car park and was therefore felt to be the best location in the park. It will be close to the current and the planned amenities such as the play area, golf course, outdoor adventure play and splash pad. It will also mean that build works can start on the new pavilion and continue to allow access to the old pavilion building during the build. A more efficient and effective building could deliver all the options that the Council is looking for and should reduce the impact on the existing business and operations. There would be a requirement before any build works commence that the current overflow car park is improved and lined to provide improved parking for the whole site. Once the pavilion build is completed then demolition works would start on the old building and footprint areas would be landscaped to provide a better access to the golf course.

- 4.4 The table in Appendix 6 (within Appendix B - business plan) sets out the pavilion building site options appraisal.
- 4.5 It is therefore recommended that the Council approve **Option 4 – New Build on new footprint** option.
- 4.6 **Pavilion facility mix options** – A brief for KGPF was developed from the workshop sessions with cross party representatives, when Members identified that KGPF should provide a family hub with activities that could be used all year regardless of the weather.
- 4.7 This facility mix has been developed as part of the business plan and it has considered market competition in the immediate and neighbouring vicinity, future demographics, optimal drive time for visitors and the estimated income as a result. It is also expected that the improvement to the ancillary facilities could further support the community benefit of the golf and rugby club, and also for the general user of the park as the food and drink, toilet and changing facilities will all be improved.
- 4.8 Officers have also spoken to organisations, parents and carers in respect of the disabled facility requirements in the new building. Therefore, to support

both physical and sensory disabilities the building will include a 'Changing Places' toilet facility and an allocated sensory room.

- 4.9 This proposed new facility mix for the pavilion building and the park provides both commercial and community use. It is proposed that the pavilion building will house a new indoor soft play facility, TAG Active, an improved food and beverage offer. This combination will be the commercial element of the building. This will be complemented by new outdoor adventure play including Sky Trail/Tree Nets and new splash pad facility.
- 4.10 The community use will include changing rooms facilities, sensory room, classroom/training room, Hartswood Golf Club together with a flexible multi-purpose room which can be booked by any organisation but could also be used as a meeting room or for fitness classes. The refurbishment of the toddler, junior and senior play areas will compliment the 'free' offer.
- 4.10 **Catchment Area-** The catchment area for KGPF will be different for the various facilities. The use of the play areas, skatepark, formal gardens and general green open space will attract from a similar catchment and possibly those that choose to walk to the playing fields. The rugby club, lawn bowls and golf facilities will have a wider catchment and will bring visitors from outside of the borough.
- 4.11 The new indoor soft play and TAG Active is likely to attract from a 15-20 catchment and the new outdoor attractions from 30minute catchment and beyond. The TAG active provision will be the first of its kind in the South East of England. Other centres include Batley in Yorkshire and in Scotland.
- 4.12 One of the key elements that have also been included is to ensure that both the building and activities are as fully inclusive as possible. It is proposed that there will be a dedicated sensory room in the pavilion building, together with a new changing places facility and that mobile hoists can also be used within the indoor play facility. A lift will be installed which will enable access to the first floor of the building. Officers have set up a specific consultation group to look at the inclusive element in the new facilities.
- 4.13 In order to make the development sustainable the Council needs to ensure that there is a balance between the commercial element which can be used to subsidise the community offer available to the public.
- 4.14 The Council recognises the impact that the KGPF improvements can have in providing a positive impact on community health and wellbeing. The improved

offer for residents provides opportunities for formal and informal exercise to be delivered for all the family.

- 4.15 **Splash Pad options** - One of key requirements that the public stated as part of the public consultation over the summer of 2018 was that the paddling pools be replaced with a new wet play provision. Two leading contractors were asked to present their initial concept designs with budgets of between £300-£400k to an evaluation board of officers and representatives of ALS. (Members were invited but were unable to attend). It is proposed that the new wet play provision is located within the footprint of the old paddling pools which is already separately fenced.
- 4.16 The evaluation board felt that Ustigate provided the better concept design and inclusive play value. There were two options (as set out in Appendix 8 within Appendix B of the business plan) on the type of water system to be used, single use or a recirculation system. The board felt that the recirculation system could provide greater variety of equipment for users and in turn would provide a better financial return on investment.
- 4.17 It is therefore recommended that **Option 2** is approved by Members and that an additional £173,000 is agreed to be allocated to the budget for KGPF improvements if required. This is for the additional capital costs associated with option 2. Some of these monies could be recouped with the successful receipt of external funding applications.
- 4.18 **Outdoor Adventure Play** - Part of the commercial offer is the introduction of new outdoor adventure play. Two leading contractors in the field were asked to present some concept ideas to the Chair and Vice Chair of the Community Health and Housing Committee along with Council officers and representatives from ALS. As these were paid for facilities the concept designs needed to have a 'wow' factor. The initial budget allocated to this was £600,000. The designated area for outdoor adventure play is indicated on the site plan in Appendix 10 (within Appendix B of the business plan).
- 4.19 **Outdoor adventure play Option 1 HAGS** – The concept designs presented by HAGs were felt by the evaluating board to be too urban in their design, which did not fit into the surroundings of the park. They also did not provide the 'wow' factor that would attract paying customers as compared to the existing 'free' community offer available in the play areas.
- 4.20 **Outdoor adventure play Option 2 Kompan** - The second contractor provided a more open design using nets which would complement the park's surroundings and create opportunities for a wide range of age groups to

participate. Kompan also addressed how they would include the more inclusive aspects within the design. It is therefore recommended that the Council approves **Option 2 for the outdoor adventure play**.

- 4.21 **Changing Places facility** - Officers have also met with Short Breaks who provide funding for inclusive play to ensure that the offer in KGPF with the planned improvements is as fully inclusive as possible. The proposal is that a new changing places facility will be installed within the new pavilion building and another changing places facility will be installed to support the outdoor play offer. It is proposed that this changing place facility will be located next to the Splash Pad plant room to utilise the existing water and waste.
- 4.22 **Operating Model considerations** – The options for operating model are set out in Appendix C.
- 4.23 **Opening Hours** - Officers looked at the assumptions around the opening hours which were adjusted from the initial business plan to cater for golfers and park users being able to access breakfast facilities before 10am. While this may potentially require additional staffing costs, these costs could be offset from the predicted demand. (See Appendix D for more information)
- 4.24 **Costs of sales** – The cost of food and drink remains at 48% of income. However, it is of opinion that this could reduce to around 40% increasing the surplus within the operating model.
- 4.25 **Central Costs** - The operating model in Appendix 8 (within Appendix B - business plan) sets out the central costs, risks and contingency assumptions and indicate that preferred option 3 would need to allocate central costs for operating the pavilion, and that if the risk and contingency pot is not used this would go back to the organisation as profit. (See Appendix D for more information)
- 4.26 **Other costs and assumptions** – (See appendix D for more information) All other costs seemed to be reasonable in the business plan apart from the fact that no inflation had been applied to costs in future years, rather than applying these to the Business Plan, it is assumed the contingency pot could mitigate this. However, through budget control the Business case will continuously monitored and updated. If required inflation will be applied at the current rates 1% to salary costs, 2% NNDR, 2% insurance and 1% to cleaning costs.
- 4.27 The other assumption in the operating business plan is that all costs would have VAT added to ensure that the Council does not exceed it partial exemption of 5%.

- 4.28 Any income from the pavilion would not commence until the building was fully operational. Therefore, the Council would incur some interest costs on the loan (when it was taken out) through the build costs which will impact the Revenue on the General Fund. This could be potentially reduced with the phasing of the building development.
- 4.29 Any existing leases and expenditure are already accounted for in the Council's base budget and the assumption is that the grounds maintenance for the site will continue to be provided by Brentwood Borough Council directly, so these costs are removed from the business plan.
- 4.30 The Council also needs to consider this project as one of a number of projects being delivered / or will be delivered across service areas in the next few years so that the appropriate funding and resource are available to successfully deliver this project. With any funding all the associated risks and benefits will also need to be identified.
- 4.31 It is recommended that Members approve **Option 3** for the operating model is approved as this will give the greatest return to the Council of **3.57%** and will not impact on the Council's ongoing VAT partial exemption.
- 4.32 **Football Hub Development** – As set out in 3.16 the KGPF project is linked with the development of the football hub at the Brentwood Centre site. It is estimated that the football feasibility works will cost approximately £60,000 which will include relevant surveys and architect fees to identify the preferred site, orientation of the football pitches, 3G pitch and any ancillary facility such as changing rooms. These costs incurred by Brentwood Borough Council can be considered as part of any match funding requirement to the Football Foundation, who are the body that will award grants to support grass roots football and strategic improvement programmes. It is recommended that officers commence the procurement exercise for these works as soon as possible, so that this will not impact on the timings for the delivery of the KGPF improvements.
- 4.33 If the works are not progressed at the Brentwood Centre site, then the requirement for 16 changing rooms remains on the KGPF site which will increase the footprint of the building.
- 4.34 Assumptions have also been made on the car parking revenue (Appendix **D**) and it is recommended that further financial modelling is undertaken to ensure that it aligns with the development of the Council's borough wide 'Car Parking Strategy.' Any fees and charges and concessions will need to be agreed by

the Policy, Resources and Economic Development Committee and as part of the Council's overall budget setting process.

## **5 Reasons for Recommendation**

- 5.1 As part of the Council's due diligence in delivery a successful Leisure Strategy, Members and officers need to have a complete picture of the current associated costs, risk profiles of the Borough's Leisure facilities and identify opportunities for income generation.
- 5.2 Comments from Sport England as part of the Local development Plan consultation, stated that a Leisure Strategy is required that assesses Council owned sports and leisure facilities in order that the Council can continue to work with partners to ensure that appropriate provision is made for the residents of Brentwood. The strategy should not only consider how the Council can provide services, but also how other partners can. The strategy should also use current sports facility evidence to identify strategic priorities to then inform what will be included in the Council's Infrastructure Delivery Plan. Following this feasibility work, the Council will then be able to determine which projects will be funded by the Community Infrastructure Levy (CIL) and those funded by planning obligations.
- 5.3 The Council's Asset Management Strategy 2014/15 also sets out the need to obtain and maximise income where possible from its asset portfolio.
- 5.4 The KGPF improvements support all six workstreams of the Leisure Strategy Built Facilities, Play Areas, Sport, Open Spaces, Health and Wellbeing and Governance Arrangements.
- 5.5 The Football Hub Development supports the strategic improvement and development of grassroots football across the Borough which will support a number of football clubs.
- 5.6 Both sites will provide a much improved fully inclusive offer of activities and facilities for residents and families.
- 5.7 The new pavilion will provide a more energy efficient and effective building.
- 5.8 Any delay in the decision-making process will impact on planning and build timelines for the project and therefore impact on the financial allocation for the project. Some of the surveys required for the planning application have to be done in a timely manner, so any delay may result in those surveys having to be

repeated incurring additional costs to the Council in the region of £64,000. The impact could also delay the Council getting to cost certainty and the possibility of increased build costs as a result.

## **6 References to Corporate Plan**

- 6.1 The Leisure Strategy sits under two main strands of the Vision for Brentwood 2016-19: Environment and Housing Management to develop a Leisure Strategy to provide strong and sustainable leisure facilities for residents and businesses; and Community and Health - to work with community and voluntary organisations to develop the priorities for community development. There are also strong links for the priorities of the Council's Health and Wellbeing Strategy 2014-2017, the Local Development Plan, Active Brentwood/Essex and the Council's Asset Management Strategy 2014/15.

## **7 Implications**

### **Financial Implications**

**Name & Title: Jacqueline Van Mellaerts, Director of Corporate Resources  
Tel & Email: 01277 312829 /  
Jacqueline.vanmellaerts@brentwood.gov.uk**

- 7.1 The initial Business Case from Alliance has been reviewed, along with the proposed financial model. Based on the revised assumptions, the current projected expenditure for the project could be up to a maximum of £7.173 million. This is worst case scenario without any external funding being secured for the project. Officers will be applying for in excess of £100,000 of external funding to support the project. The Council has allocated £7m within the Council's Capital Programme at Ordinary Council on 27 February 2019 and this report requests that this allocation is increased to £7.173m. The majority of which will be for the build costs for the pavilion which could be in the region of £5million. The rest of the costs will be required for the outdoor adventure play provision and the splash pad.
- 7.2 The Council will seek to maximise any external contributions. This would reduce the cost of borrowing to the Council due to the reduction in the total project costs. The amounts of any possible external contributions are unknown, therefore this will be monitored and reflected within the Council's Medium Term Financial Plan and the Business Plan for KGPF Pavilion and reported accordingly.
- 7.3 The financial modelling for the business plan is set out in Appendix 8 (within Appendix B – Business Plan) and Appendix C with the recommendations to achieve the best possible financial return for the Council on the proposed facility mix and final footprint of the pavilion building (subject to planning approval).

- 7.4 A financial summary is set out in Appendix E which sets out the total return on investment for the Council as well as the return for the preferred operating model Option 3 (Wholly Owned Company).
- 7.5 The preferred operating model is set out in Appendix 8 of the Business Plan and more information is included within Appendix C of this report.
- 7.6 It is assumed that the Council will need to fund all the project from external borrowing. This is captured within the Medium-Term Financial Plan 2019/20-21/22.
- 7.7 The table below, details the current capital requirement, as well as the potential revenue impact on the General Fund for the external borrowing of this project. However, the actual borrowing costs, would be subject to the future timings of Cash Flows.

	<b>£'000</b>
Pavilion Build Costs	5,000
Soft Play & Tag Active	600
Café	75
Outdoor Sky Trail & Nets	545
Outdoor Splashpad	400
Professional Fees	553
<b>Total Build Costs</b>	<b>7,173</b>
Interest Costs on Borrowing @ 2.5%	179
Minimum Revenue Provision (Principal)	219
<b>Annual Financing Costs</b>	<b>398</b>

- 7.8 The Council will seek to maximise any external contributions, which would reduce the amount of total borrowing required.
- 7.9 All other financial implications are within the main body of the report or the business plan.

- 7.10 All proposed fees and charges are set out in Appendix D. The fees and charges for the activities will be set by the Wholly Owned Company. The car parking charges for King George's Playing Fields would need come back to the relevant Committee (Policy, Resources and Economic Development) to be agreed.

### **Legal Implications**

**Name & Title: Paula Harvey, Corporate Governance Solicitor and Deputy Monitoring Officer**

**Tel & Email: 01277 312500 / paula.harvey@brentwood.gov.uk**

- 7.11 The recommendations set out within this report are within the Council's powers and duties. The Council has power under s1(1) of the Localism Act 2011 to do anything that individuals generally may do, provided it is not prohibited by legislation and subject to public law principles. There is no express prohibition, restriction or limitation contained in a statute against use of the power in this way. In addition, s111 of the Local Government Act 1972 gives a local authority power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.
- 7.12 The recommendation to procure external legal advice to develop the governance model for the agreement between the Wholly Owned Company (WOC) or 3<sup>rd</sup> party operator and BBC in the management of the facility will help to minimise legal risk and secure best value for the Council in the development of King George's Playing Fields.

## **7 Appendices**

- A) Report to 10 July 2019 Policy Resources and Economic Development Committee
- B) King George's Playing Fields Business Plan and appendices
- C) Supplementary note on operating model
- D) Supplementary note on assumptions
- E) Financial Summary

## **8 Background Papers**

- 9.1 Feasibility study – King George's Playing Fields
- 9.2 Face to face and online consultation with park users
- 9.3 Leisure Strategy
- 9.4 Play Pitch Strategy
  
- 9.5 Local Football Feasibility Plan

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**10 July 2019**

## **Policy, Resources & Economic Development Committee**

### **King George's Playing Fields & Football Hub Development**

**Report of:** *Kim Anderson, Partnership, Leisure and Funding Manager*

**Wards Affected:** *All*

**This report is:** *Public*

#### **1. Executive Summary**

- 1.1 At the 27 February 2019 Ordinary Council (min. ref. 339) Members agreed to the inclusion of £7m for the development of King George's Playing Fields within the Capital Program as part of the budget setting process. It was agreed at 23 January 2019 Policy Projects and Resources Committee (min. ref. 302) that expenditure would only occur, subject to the full business plan and operating model details being approved by a future Policy, Projects and Resources Committee (or relevant committee). The business plan for King George's Playing Fields improvements is before members tonight. The plan has looked at a number of options for the pavilion and the outdoor adventure play to ensure that the business model for the improvements is both financially viable and supports the needs of the community both now and in the future. The Football Hub Development is also included within the business plan as it is intrinsically linked to the King George's Playing Fields improvements.

## **2. Recommendation(s)**

- 2.1 That Members agree to the recommendations in the business plan (Appendix A) including
  - a) Option 4 for the location of the pavilion building**
  - b) Option 2 for the Splash Pad**
  - c) Option 2 for the outdoor adventure play**
  - d) Option 3 for the operating model****
- 2.2 Installation of a new changing places facility that will support the outdoor play activities**
- 2.3 Agree the drawdown of the £7m allocation of funding to support the King George's Playing Fields improvements**
- 2.4 Delegated authority to Director of Corporate Resources, in consultation with the Partnership, Leisure and Funding Manager to take all necessary steps towards implementing recommendations 2.1 and 2.2.**
- 2.5 Agree for the Partnership, Leisure and Funding Manager to commence a procurement exercise to appoint a contractor to undertake the football feasibility works to commence for the football hub development at the Brentwood Centre site.**

## **3. Background**

- 3.1 At the 5 March 2018 Community Health and Housing Committee, Members agreed to the draft Leisure Strategy and Action Plan which was subsequently referred to Policy Projects and Resources Committee on 12 March 2018 for their consideration. The Strategy was sent for consultation and the final strategy and action plan was agreed by Community Health and Housing Committee on 3 July 2018 and the Policy, Projects and Resources Committee on 18 September 2018.**
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- 3.3 Alliance Leisure Services (ALS) were appointed to develop the sustainable business plan with a facility mix of community and commercial activity that will be financially viable for the Council and which supports the needs of the community both now and in the future.**

- 3.4 As part of the project brief ALS were asked to examine the current use of the park, current income and expenditure, current lease arrangements and to undertake consultation with the relevant key stakeholders.
- 3.5 The brief identified some key desirables for the site which included improvements to the pavilion building, provision of some indoor soft play, outdoor adventure play and a wet play offer.
- 3.6 Alliance has completed the relevant surveys of the park, assessed the current and future demographics, identified potential income streams and have drawn up concept plans for the site. A competition analysis has also been undertaken which identified drivetime to existing leisure facilities and their relevant pricing structures. This informed the recommended the preferred facilities mix to maximise visitors to the park.
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- 3.11 There are four key options that will need to be agreed going forward; The operating model, the location of the pavilion building, the type of outdoor adventure play and the wet play offer.
- 3.12 The first is to identify the type of operating model that would manage the new facility as set out below:
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- b) through the establishment of a trust/CIC;
- c) or offered to an existing third-party provider to manage on the Council's behalf;
- d) or through a Wholly Owned Company

With each of the operating models' officers needed to identify the benefits and/or disadvantages on the financial return to the Council, such as VAT, National Non-Domestic Rates (NNDR), staff pension costs and the optimal rental return. The options appraisal is set out in Appendix I.

3.13 The second are the options for the location of the pavilion building. There were four options that were explored looked at:

- a) Do nothing;
- b) Refurbishment of the existing pavilion building;
- c) New building on existing footprint;
- d) New building on new footprint.

3.14 The third were the options for the new outdoor adventure play. ALS looked at the current types of provision both in Brentwood and the immediate vicinity to determine what activities could be included and whether they could provide a viable income stream. Two providers were shortlisted HAGS and Kompan.

3.15 The fourth were the options for a new wet play offer as the old paddling pools had been removed.

3.16 The current pavilion has 16 changing rooms which are used by Brentwood Rugby Club and adult football clubs. The Council is looking to move the adult football to the Brentwood Centre site as part of a proposed football hub development. The Council has been advised that Brentwood Rugby Club will be developing their own changing facilities attached to their pavilion building adjacent to the Ingrave Road entrance into KGPF. If the football hub development is progressed at the Brentwood Centre site, then the requirement for the changing room facilities can be reduced within the new pavilion to 4.

## **4 Issues, Options and Analysis of Options**

4.1 One of the key workstreams under the Leisure Strategy is the Council's built leisure facilities and it was agreed by Members at the 12 March 2018 Policy, Projects and Resources Committee to focus on King George's Playing Fields and work with a Leisure Development Partner to develop a sustainable business plan for the park.

4.2 ALS were appointed to develop a sustainable business plan which examined commercial opportunities that could continue to support the free community offer in the park. This would include new indoor soft play, TAG Active, the development of new outdoor adventure play as well as a splash pad to replace the paddling pools.

4.3 Options for the pavilion building were:

**Option 1 - Do Nothing** – Whilst this would save money, the pavilion was built in 1970s so it not as efficient and effective as it should be. The building as it would no deliver the outcomes that the Council would want to see from the site. The existing building is not fully accessible and there are no fully accessible changing facilities. The pavilion building will still cost the Council money as part of the general repairs and maintenance. It is estimated that the annual costs (including grounds maintenance) would be in the region of £531,472.

**Option 2 – Refurbish the existing pavilion building** – The associated costs and disruption during the build would not achieve all the outcomes that the Council would want to see. There would also be a requirement for transitional arrangement for the current tenants/ businesses/organisations would need to be in place while the works were being carried out. Transition arrangements need to be in place to ensure business as usual when improvement works are being undertaken which is estimated to incur monthly revenue pressure of around £15,000.

Refurbishment of existing pavilion may not be a big enough footprint to generate the required income to finance the capital costs and ensure sustainability

**Option 3 – New build on part of the existing footprint** – As in Option 2 there would additional costs for any transitional arrangements during the build phase which would impact on the current businesses/organisations. Whilst the build would provide a more efficient and effective building and the desired outcomes the estimated costs for this option would exceed the current budget allocation of £7m by approximately £15,000 per month (decant costs) and would also lengthen the build time and in the impact on the park.

**Option 4 – New build on new footprint** – This is the preferred option as it will not require transitional arrangements. The move of the pavilion building adjacent to the existing building will still provide a central hub to service the areas of the park and will not impact on the existing tarmacked car park was felt to be the best location in the park. It will be close to the current and the planned amenities such as the play area, golf course, outdoor adventure play and splash pad. It will also mean that build works can start on the new pavilion and allow access to the old pavilion building. A more efficient and effective building could deliver all the options that the Council is looking for and should

reduce the impact on the existing business and operations. There would be a requirement before any build works commence that the current overflow car park is improved and lined to provide improved parking for the whole site. Once the pavilion build is completed then demolition works would start on the old building and footprint areas would be landscaped to provide a better access to the golf course.

- 4.4 The table in Appendix **G** of the business plan sets out the pavilion building site option appraisal.
- 4.5 **Pavilion facility mix options** – A brief for KGPF was developed from the workshop sessions with cross party representatives, when Members identified that KGPF should provide a family hub with activities that could be used all year regardless of the weather.
- 4.6 This facility mix has been developed as part of the business plan as it has considered market competition in the immediate and neighbouring vicinity, future demographics, optimal drive time for visitors and the estimated income as a result. It is also expected that the improvement to the ancillary facilities could further support the community benefit of the golf and rugby club, and also for the general user of the park as the food and drink, toilet and changing facilities will all be improved.
- 4.7 Officers have also spoken to organisations, parents and carers in respect of the new built facilities in respect of the disabled facilities requirements. Therefore, to support both physical and sensory disabilities the building will include a ‘Changing Places’ toilet and an allocated sensory area as part of the indoor soft play facility.
- 4.8 This proposed new facility mix for the pavilion building and the park provides both commercial and community use. It is proposed that the pavilion building will house a new indoor soft play facility, TAG Active, an improved food and beverage offer. This combination will be the commercial element of the building. This will be complemented by new outdoor adventure play including Sky Trail/Tree Nets and new splash pad facility.
- 4.9 The community use will include changing rooms facilities, classroom/training room, Hartswood Golf Club together with a flexible multi-purpose room which can be booked by any organisation but could also be used as a meeting room or for fitness classes. The refurbishment of the toddler, junior and senior play areas will compliment the ‘free’ offer.
- 4.10 The catchment area for KGPF will be different for the various facilities. The use of the play areas, skatepark, formal gardens and general green open space will

attract from a similar catchment and possibly those that choose to walk to the playing fields. The rugby club, lawn bowls and golf facilities will have a wider catchment and will bring visitors from outside of the borough.

- 4.11 The new indoor soft play and TAG Active is likely to attract from a 15-20 catchment and the new outdoor attractions from 30minute catchment and beyond. The TAG active provision will be the first of its kind in the South East of England. Other centres include Batley in Yorkshire and in Scotland.
- 4.12 One of the key elements that have also been included is to ensure that both the building and activities are as fully inclusive as possible. It is proposed that there will be a dedicated sensory room in the pavilion building, together with a new changing places facility and that mobile hoists can also be used within the indoor play facility. A lift will be installed which will enable access to the first floor of the building. Officers have set up a specific consultation group to look at the inclusive element in the new facilities.
- 4.13 In order to make the development sustainable the Council needs to ensure that there is a balance between the commercial element which can be used to subsidise the community offer available to the public.
- 4.14 The Council recognises the impact that the KGPF improvements can have in providing a positive impact on community health and wellbeing. The improved offer for residents provides opportunities for formal and informal exercise to be delivered for all the family.
- 4.15 Part of the commercial offer is the introduction of new outdoor adventure play. Two leading contractors in the field were asked to present some concept ideas to the Chair and Vice Chair of the Community Health and Housing Committee along with Council officers and representatives from ALS. As these were paid for facilities the concept designs needed to have a 'wow' factor. The initial budget allocated to this was £600,000. The designated area for outdoor adventure play is indicated on the site plan in Appendix K which will be available on the night.
- 4.16 **Outdoor adventure play Option 1 HAGS** – The concept designs presented by HAGs were felt by the evaluating board to be too urban in their design, which did not fit into the surroundings of the park. They also did not provide the 'wow' factor that would attract paying customers as compared to the existing 'free' community offer available in the play areas.
- 4.17 **Outdoor adventure play Option 2 Kompan** - The second contractor provided a more open design using nets which would complement the park's surroundings and create opportunities for a wide range of age groups to

participate. Kompan also addressed how they would include the more inclusive aspects within the design.

- 4.18 **Changing Places facility** - Officers have also met with Short Breaks who provide funding for inclusive play to ensure that the offer in KGPF with the planned improvements is as fully inclusive as possible. The proposal is that a new changing places facility will be installed within the new pavilion building and another changing places facility will be installed to support the outdoor play offer. It is proposed that this changing place facility will be located next to the Splash Pad plant room to utilise the existing water and waste.
- 4.19 **Splash Pad options** - One of key requirements that the public stated as part of the public consultation over the summer of 2018 was that the paddling pools be replaced with a new wet play provision. Two leading contractors were asked to present their initial concept designs with budgets of between £300-£400k to an evaluation board of officers and representatives of ALS. (Members were invited but were unable to attend). It is proposed that the new wet play provision is located within the footprint of the old paddling pools which is already separately fenced.
- 4.20 The evaluation board felt that Ustigate provided the better concept design and inclusive play value. There were two options (as set out in Appendix H) on the type of water system to be used, single use or a recirculation system. The board felt that the recirculation system could provide greater variety of equipment for users and in turn would provide a better financial return on investment.
- 4.21 **Opening Hours** - Officers looked at the assumptions around the opening hours which were adjusted from the initial business plan to cater for golfers and park users being able to access breakfast facilities before 10am. While this may potentially require additional staffing costs, these costs could be offset from the predicted demand.
- 4.22 **Costs of sales** – The cost of food and drink was also adjusted from the initial business plan from 48% to 40% of the total income.
- 4.23 **Central Costs** - The operating model in Appendix I sets out the central costs, risks and contingency assumptions indicate that preferred option 3 would need to allocated central costs for operating the pavilion, and that if the risk and contingency pot is not used this would go back to the organisation as profit.
- 4.24 **Other costs and assumptions** - All other costs seemed to be reasonable in the business plan apart from the fact that no inflation had been applied to

costs in future years, so an assumption was made to apply 1% to salary costs, 2% NNDR, 2% insurance and 1% to cleaning costs.

- 4.25 The other assumption in the operating business plan is that all costs would have VAT added to ensure that the Council does not exceed its partial exemption of 5%.
- 4.26 Any income from the pavilion would not commence until the building was fully operational. Therefore, the Council would incur some interest costs on the loan (when it was taken out) through the build costs which will impact the Revenue on the General Fund. This could be potentially reduced with the phasing of the building development.
- 4.27 Any existing leases and expenditure are already accounted for in the Council's base budget and the assumption is that the grounds maintenance for the site will continue to be provided by Brentwood Borough Council directly, so these costs are removed from the business plan.
- 4.28 The Council also needs to consider this project as one of a number of projects being delivered / or will be delivered across service areas in the next few years so that the appropriate funding and resource are available to successfully deliver this project. With any funding all the associated risks and benefits will also need to be identified.
- 4.29 **Football Hub Development** – As set out in 3.16 the KGPF project is linked with the development of the football hub at the Brentwood Centre site. It is estimated that the football feasibility works will cost approximately £60,000 which will include relevant surveys and architect fees to identify the preferred site, orientation of the football pitches, 3G pitch and any ancillary facility such as changing rooms. These costs incurred by Brentwood Borough Council can be considered as part of any match funding requirement to the Football Foundation, who are the body that will award grants to support grass roots football and strategic improvement programmes. It is recommended that officers commence the procurement exercise for these works as soon as possible, so that this will not impact on the timings for the delivery of the KGPF improvements.
- 4.30 If the works are not progressed at the Brentwood Centre site then the requirement for 16 changing rooms remains on the KGPF site which will increase the footprint of the building.
- 4.31 Assumptions have also been made on the car parking revenue and it is recommended that further financial modelling is undertaken to ensure that it

aligns with the Council's Borough wide Car Parking Strategy and also identifies any concessions required.

## **5 Reasons for Recommendation**

- 5.1 As part of the Council's due diligence in delivery a successful Leisure Strategy, Members and officers need to have a complete picture of the current associated costs, risk profiles of the Borough's Leisure facilities and identify opportunities for income generation.
- 5.2 Comments from Sport England as part of the Local development Plan consultation, stated that a Leisure Strategy is required that assesses Council owned sports and leisure facilities in order that the Council can continue to work with partners to ensure that appropriate provision is made for the residents of Brentwood. The strategy should not only consider how the Council can provide services, but also how other partners can. The strategy should also use current sports facility evidence to identify strategic priorities to then inform what will be included in the Council's Infrastructure Delivery Plan. Following this feasibility work, the Council will then be able to determine which projects will be funded by the Community Infrastructure Levy (CIL) and those funded by planning obligations.
- 5.3 The Council's Asset Management Strategy 2014/15 also sets out the need to obtain and maximise income where possible from its asset portfolio.
- 5.4 The KGPF improvements support all six workstreams of the Leisure Strategy Built Facilities, Play Areas, Sport. Open Spaces, Health and Wellbeing and Governance Arrangements.
- 5.5 The Football Hub Development supports the strategic improvement and development of grassroots football across the Borough which will support a number of football clubs.
- 5.6 Both sites will provide a much improved fully inclusive offer of activities and facilities for residents and families.
- 5.7 The new pavilion will provide a more energy efficient and effective building.

## **6 References to Corporate Plan**

- 6.1 The Leisure Strategy sits under two main strands of the Vision for Brentwood 2016-19: Environment and Housing Management to develop a Leisure

Strategy to provide strong and sustainable leisure facilities for residents and businesses; and Community and Health - to work with community and voluntary organisations to develop the priorities for community development. There are also strong links for the priorities of the Council's Health and Wellbeing Strategy 2014-2017, the Local Development Plan, Active Brentwood/Essex and the Council's Asset Management Strategy 2014/15.

## **7 Implications**

### **Financial Implications**

**Name & Title: Phoebe Barnes, Interim Financial Controller**

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- 7.1 The initial Business Case from Alliance has been reviewed, along with the proposed financial model. Based on the revised assumptions, the current projected expenditure for the project could be up to a maximum of £7.173 million. The Council has allocated £7m within the Council's Capital Programme. Therefore, an additional £173k may need to be requested. Once the project has achieved planning approval and Alliance have got the project to cost certainty, the revised financials will be reported to the Community Health & Housing as well as PRED for any approval required over £7million.
- 7.2 The majority of the £7million will be for the build costs for the pavilion which could be in the region of £5million. The rest of the costs will be required for the outdoor adventure play provision and the splash pad.
- 7.3 The financial modelling for the business plan is set out in Appendix E and I with the recommendations to achieve the best possible financial return for the Council on the proposed facility mix and final footprint of the pavilion building (subject to planning approval).
- 7.4 The preferred operating model is set out in Appendix I.
- 7.5 It is assumed that the Council will need to fund all the project from external borrowing. This is captured within the Medium-Term Financial Plan 2019/20-21/22.
- 7.6 The table below, details the current capital requirement, as well as the potential revenue impact on the General Fund for the external borrowing of this project. However, the actual borrowing costs, would be subject to the future timings of Cash Flows.

	<b>£'000</b>
Pavilion Build Costs	5,000
Soft Play & Tag Active	600
Café	75
Outdoor Sky Trail & Nets	545
Outdoor Splashpad	400
Professional Fees	553
<b>Total Build Costs</b>	<b>7,173</b>
Interest Costs on Borrowing @ 2.5%	179
Minimum Revenue Provision (Principal)	215
<b>Annual Financing Costs</b>	<b>394</b>

- 7.7 The next table below details the net saving to the General Fund existing base budget, if Option 3 of the operating model was implemented. This excludes the capital financing costs and the lease income from the wholly owned company or third party, as it is assumed the rental income will fund the capital financing costs.

	<b>£'000</b>
Existing Net Deficit	230
Increase in Income	(80)
Decrease in Expenditure	(72)
Revised Net Deficit	78
<b>Total Saving</b>	<b>(152)</b>

- 7.8 The Council will seek to maximise any external contributions, which would reduce the amount of total borrowing required. Confirmed contributions will be factored into the financial model and reported accordingly.
- 7.9 All other financial implications are within the main body of the report or the business plan.

## **Legal Implications**

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- 7.8 The recommendations set out within this report are within the Council's powers and duties. The Council has power under s1(1) of the Localism Act 2011 to do anything that individuals generally may do, provided it is not prohibited by legislation and subject to public law principles. There is no express prohibition, restriction or limitation contained in a statute against use of the power in this way. In addition, s111 of the Local Government Act 1972 gives a local authority power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.

The recommendations must be implemented in accordance with the Council's governance arrangements for SAIL, including any scheme of delegation.

Any procurement exercise must be carried out in compliance with EU directives, UK procurement regulations and the Council's Constitution.

Any agreements relating to the development of the King George's Playing Fields should be in a form approved by Legal Services.

The planning, installation and ongoing maintenance of the Council's play areas must comply with relevant health and safety legislation and government guidance, to safeguard users and minimise legal risk for the Council.

An Equality Impact Assessment should be carried out to secure compliance with the Council's statutory duty under the Equality Act 2010 to eliminate unlawful discrimination and advance equality of opportunity between different groups of users in relation to each of the options.

## **7 Background Papers**

- Feasibility study – King George's Playing Fields
- Face to face and online consultation with park users
- Leisure Strategy
- Play Pitch Strategy
- Local Football Feasibility Plan

## **8 Appendices to this report**

Appendix A – Business Plan King Georges Playing Fields

Appendix B - Background summary

Appendix C - Decision Making Process

Appendix D - King George's Playing Fields current income and expenditure  
Appendix E - King George's Playing Fields future projections income and expenditure  
Appendix F - King George's Play Area improvement plan  
Appendix G - Pavilion Site Option Appraisal  
Appendix H - Splash Pad options  
Appendix I - Operating model options

1. BBC direct management
2. 3rd party provider
3. Trust/CIC

Appendix J - Football Feasibility background  
Appendix K - Site plans for King George's Improvements – visuals on the night of committee  
Appendix L - ISG background  
Appendix M - Opportunities and Risks

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# Business Plan King George's Playing Fields

## 1. Forward – Vision Statement

The proposed development in King George's Playing Fields is a key project under the Council's Leisure Strategy 2018-28. The Strategy sets out the strategic priority areas that the Council will focus on to improve its leisure facilities. These improvements in turn support the health and wellbeing of the local community.

Never has there been a more important time to use sport and physical activity to create a fitter and healthier population when nationally we are tackling growing levels of obesity, diabetes, mental health problems and other conditions associated with a growing culture of inactivity.

The challenge facing Brentwood is clear – the Council needs to reduce its expenditure, it has several aging facilities, the borough age profile is changing and providing opportunities to increase participation levels in sport and physical activity are key to supporting the Council's health and wellbeing priorities.

The proposed development looks at the creation of a park hub within King George's Playing Fields with a new fully accessible building offering additional inclusive play opportunities and an improved outside play offer.

The planned improvements which include a new pavilion and outdoor play will provide a wider variety and more accessible activities for all the family to enjoy.

## 2. Executive Summary

King George's Playing Fields is a key park in the borough. The current pavilion was built in 1970s and in 2017 the paddling pools were removed for health and safety reasons. The current pavilion building and the toilet and changing facilities are not fully accessible, there is a small café within the pavilion and there is no indoor play provision in the park if the weather is poor.

The park hub development supports all six priorities of the Leisure Strategy – improved built facilities with the new pavilion building; improvements to open spaces with the new splash pad facility and adventure play; improvements to the play areas; improvement to sports facility with new accessible changing facilities and a new Tag Active facility and Golf Club lounge; supports the Borough's Health and Wellbeing priorities by promoting new health initiatives within the park; and will provide new operational management of the facilities to ensure its financial viability and long term sustainability.

It is proposed that the improvements will include a new fully accessible pavilion. The paddling pools will be replaced by a more inclusive and accessible splash pad and there would be provision for more outdoor adventure play together with a three-year planned improvement of the existing play areas in the park.

These improvements ensure that facilities will be fully inclusive and accessible for users. The pavilion building will provide high quality/flexible space and fully inclusive changing and toilet facilities. The new outdoor adventure play and play area

improvements will provide new existing and high quality and accessible facilities which will contribute to the health and wellbeing of all residents.

### **3. Introduction**

The purpose of this business plan is to set out how the new exciting development proposals for King George's Playing Fields (KGPF) will be implemented.

Significant work has already been carried out by the Council in consultation with residents, elected members and partners to ensure that what is proposed will meet the current and future needs of the local community.

Alliance Leisure Services (ALS) were appointed by the Council in March 2018 to develop a sustainable business plan with the Council for the improvements to KGPF. The plan considered the Council's strategic priorities, current and future leisure needs, the design and facility mix, identify income generation opportunities and preferred operational management arrangements. The initial plan identified a number of delivery options that would need further consideration.

Subsequently, these delivery options set out in Appendix **6**, **7** and **8** has been examined and the preferred options are presented in the business plan which best support the desired outcomes and objectives of the Council's overarching Leisure Strategy.

### **4. Background**

The Council's Leisure Strategy sets out the strategic priorities which will ensure the improvement of the Borough's leisure facilities and future viability of leisure services and facilities which will support the health and wellbeing of the borough's residents. Members agreed that improvement to the existing facilities in KGPF were a priority and as such was identified as the first key project as part of the delivery of the Leisure Strategy. Appendix **1** sets out the full background to this project.

### **5. Why are we doing this?**

The project set out to deliver a number of outcomes as set out in Leisure Strategy. It recognises that improvement to facilities can be the catalyst to improve public health, enhance inclusion and accessibility and provide future financial viability that will enable the continuation of high-quality leisure facilities.

The Council identified the preferred facility mix, considering the future demand for outdoor sports provision, commercial leisure opportunities, the current catering offer and the wider open spaces of KGPF. The current and potential future management arrangements have also been considered.

There are a number of expected outcomes that the new facilities will provide. The Council will be able to measure participation levels of individuals through the TAG

Active facility which will target older children and adults and provides an activity that families can undertake together.

The indoor play will also provide another activity for younger children to participate in especially when the weather is poor, and they are unable to use the outside play facilities.

The new pavilion facilities will provide a new 'changing places' toilet facility with specialist equipment and a sensory room that will provide a range of fully inclusive facilities for those with either additional sensory or physical needs. The Council is also looking at providing another Changing Places facility close to the refurbished play area to support the 'outdoor' play offer.

There will be improved changing and toilet facilities for public and sports club use, together with an improved food and drink offer and party room hire.

There will be an improved, fully accessible multi-use space for the golf club and the public to utilize within the building.

The proposed new outdoor adventure play will include sky nets and a new splash pad facility to replace the old paddling pools.

Initial consultation took place with the key stakeholders of the site to inform the council of their own priorities and requirements. Public consultation took place in the Summer of 2018 at the Council's Strawberry Fair and Family Fun Days. Two further public consultation events took place on 14 and 23 March 2019 which provided feedback on the initial designs and concepts. These have been fed back to the ALS. Consultation has also taken place with specialist organisations in respect of the fully inclusive and accessible play offer within the park.

## **6. How will vision be delivered through the recommended options.**

The Council looked at various options in regard to the location of the pavilion building and how it supports the various activities within the park. Four options were considered looking at identifying the advantages and disadvantages of each of those options, which are set out in Appendix 6. It is proposed that **Option 4** is taken forward as the preferred option as it will deliver all the outcomes and objectives that the Council desires and is within the budget allocation. The development will require planning permission and a planning application will need to be submitted for the preferred option (likely to be July/August for consideration by the October/November Planning Committee).

The planning application has been informed through consultation with key stakeholders, public consultation and input from Officers, elected Members and the Leisure Development Partner to achieve the desired outcomes that the Council would like to achieve and ensure the future sustainability of the building.

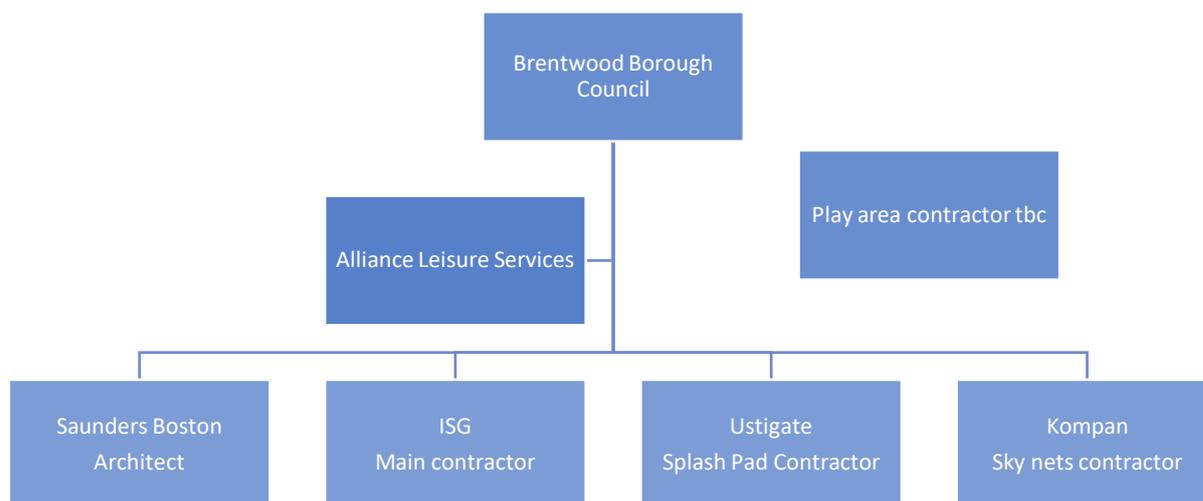
The Council's Leisure Development Partner ALS works nationally with local authorities and specialist contractors to deliver improved leisure facilities. As part of

a procurement framework they have a number of specialist contractors that they work with to deliver the desired outcomes for the local authority.

To get the Council to cost certainty an Access Agreement has been agreed through the Denbighshire Leisure Framework with Alliance Leisure Services, the Council’s Leisure Development Partner. This will identify all the relevant contractor fees, survey requirements for both the construction, ecology and planning processes together with the fit-out costs for TAG Active, soft play, catering facilities and any professional fees and charges.

Officers, elected Members and representatives from ALS provided an evaluation panel and various specialist contractors presented their concepts to the panel for the main pavilion building, the splash pad and the outdoor adventure play. After the panel evaluated the various concepts the preferred contractors were selected through ALS.

Subject to planning approval officers will sign the Delivery Agreement and Building Contract to formally appoint the contractors for the delivery of the project. The main contractor for the project is proposed to be ISG (Appendix 11) who have set out the methodology to the evaluation panel of how they would deliver the construction and site management during the build phase of the pavilion, but also how they will oversee the other specialist contractors for the splash pad, outdoor play and the play area. This will ensure that the programming of the build works and the project management take into account the continued access for park users while the build phase is in progress. This will require a phasing the build and improvements to the park.



There is a separate procurement exercise for the planned improvements to the park’s play areas delivered over the next 3 years (2019/20 – 2022/23) as part of the delivery of the Council’s Play Area Strategy. This will be done as a single procurement exercise which will identify a preferred supplier to deliver the infant, junior and senior play area. The Council is working closely with inclusive play

providers to ensure that the new play areas provide fully inclusive and challenging play.

#### Football Hub development

The KGPF project is closely aligned to the strategic improvement plans at the Brentwood Centre site. In particular, the proposed development of a football hub that will provide 5 grass pitches, a full sized Third Generation (3G) Artificial Grass Pitch (AGP) together with new changing facilities. This hub development is supported by the Essex Football Association. The Brentwood Centre site is also identified as a key site as part of the Council's Play Pitch Strategy and Local Football Facilities Plan for Brentwood.

The current changing room provision in the KGPF supports adult and junior football, and Brentwood Rugby Club. Brentwood Rugby Club have indicated that they will be developing their own plans for improvement to the Rugby Club pavilion adjacent to the Ingrave Road entrance to KGPF. If the football hub at the Brentwood Centre site is developed, then adult football can be moved to that site leaving just junior football in KGPF. This will reduce the requirement for changing facilities from 16 to 4. These new changing facilities will be fully accessible.

There is therefore a dependency on the football hub to be developed in tandem with the KGPF project, so that there is no loss of changing provision in Brentwood. It is recommended that a feasibility study be undertaken for the Brentwood Centre site so that the preferred location for the football hub is identified. This will also need to consider any future planned improvements on the site such as the Brentwood Centre building.

#### Capital Funding

Capital funding for the project is allocated within the Council's Medium-Term Financial Plan and any monies spent on the feasibility study will be considered as part of the Council's match funding when the Council applies to the Football Foundation for match funding to support the development of the project.

Subject to planning approval the following action plan sets out the key milestones for the delivery of the KGPF project.

Key Milestone/Deliverable	Planned date	Latest date	Comment
<b>Planning Submission</b>	July 2019	August 2019	Subject to the outcome of the 3 <sup>rd</sup> Pre-App meeting with Planning Development
<b>Planning application determination</b>	October 2019	November 2019	Dependent on submission date (12-week statutory consultation)

<b>Cost Certainty Design and Costing through RIBA Stage 4*</b>	July 2019	August 2019	Run in tandem with planning to achieve estimated timescales above
<b>Planning Committee</b>	16 October 2019	13 November 2019	Dependent on submission date (12-week statutory consultation)
<b>Delivery Agreement and Building Contract</b>	November 2019	December 2019	
<b>Build mobilisation (from point of order estimate 6-8 weeks)</b>	December 2019	January 2020	
<b>Commence on site</b>	January 2020	February 2020	

## 7. Financials

### Capital Investment opportunities table

Capital Investment opportunities	Option 1 – Do Nothing	Option 2 – Refurbish existing building	Option 3 – new build on existing footprint	Option 4 - new build on new footprint
<b>Invest to save</b>	No further opportunities	Limited opportunities to invest to save	Maximise potential revenue income through indoor activities, sensory room & multi use space bookings, improved food and drink offer	Maximise potential revenue income through indoor activities, sensory room & multi use space bookings, improved food and drink offer
<b>Reduce maintenance costs</b>	Currently annual maintenance costs are £531,472	Limited opportunities to reduce all maintenance costs on existing building	Optimised energy efficiency throughout new building	Optimised energy efficiency throughout new building
<b>Increase revenue</b>	Current revenue costs is £301,350	£x?	Projected income £86,000	Projected income £86,000
<b>Threats to loss of income</b>	While any planned maintenance works are carried out	Transition arrangements need to be in place to ensure business as usual when improvement works are being undertaken	Transition arrangements need to be in place to ensure business as usual when improvement works are being undertaken	Business as usual can continue while improvement works are undertaken
<b>Timescale of works</b>	N/A	Tbc	Longer than 8 months	8 months build plus any demolition of existing pavilion
<b>Capital costs</b>	Unknown, however the pavilion needs required investment. Stock condition survey would be required to	Refurbishment would involve decant costs, hired portacabin costs for the businesses in the current pavilion and for 16 changing rooms	Refurbishment would involve decant costs, hired portacabin costs for businesses in the current	£7.123m

	determine costs of dilapidations	would incur monthly revenue pressures of around £15,000	pavilion and for the 16 changing rooms would incur monthly revenue pressures of around £15,000	
<b>Return on investment</b>	£0	Limited		
<b>Finance Source</b>	General Fund and Public Works Loan Board for Capital Costs		Public Works Loan Board	Public Works Loan Board

Operating Model & VAT options set out in Appendix 8

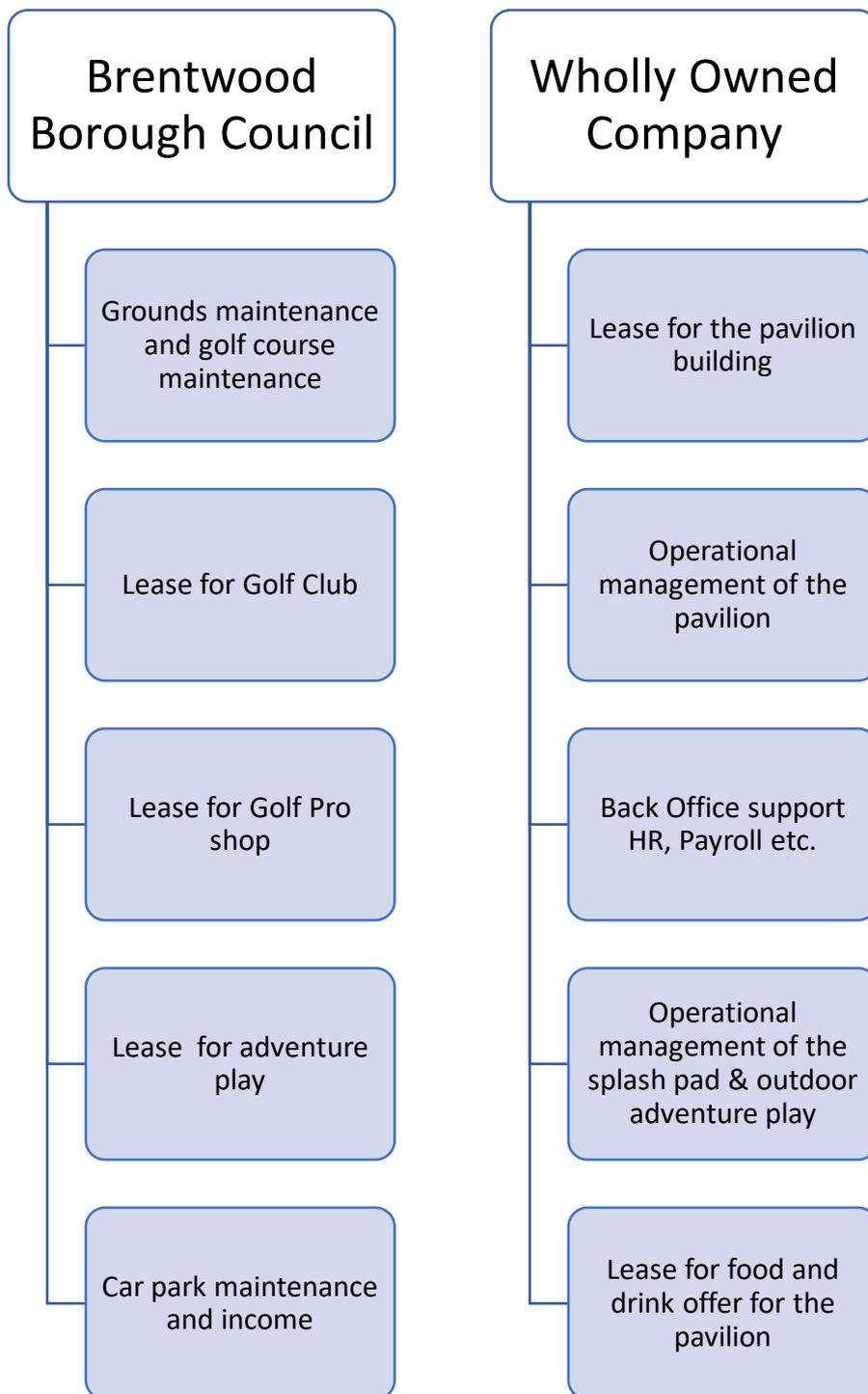
### Summary of projected income and expenditure – Brentwood Borough Council

BBC	Income £'000	Expenditure £'000	Comment
Pavilion Build Costs		5,000	Subject to Option 4 being agreed
Soft Play and Tag Active		600	
Café		75	
Outdoor Sky Trail and Nets		545	
Outdoor splash pad		400	Subject to Option 2 being agreed
Professional fees		553	
<b>Total Build costs</b>		<b>7,173</b>	Subject to Option 2 on the splashpad being agreed
Interest Costs on borrowing @2.5%		179	
Minimum Revenue Provision (Principal)		215	
<b>Annual Financing costs</b>		<b>394</b>	
Car park income	116		
Lease income from WOC	364		Subject to Option 2 being agreed
	<b>480</b>		
<b>Annual net income to BBC</b>	<b>86</b>		

### Summary of projected income and expenditure to Wholly Owned Company (WOC)

WOC	Income £'000	Expenditure £'000	Comment
Salaries		377	
Utilities		18	
NNDR		10	
Insurance		10	
Repairs and Maintenance		31	
Cleaning		6	
Equipment		9	
Other supplies		7	
Advertising and Marketing		22	
Communication		7	
Other Administration		4	
Cost of Sales		201	
Lease income to BBC		364	If using Option 3 operating model
Central Costs		59	
Profit			
Risk / Contingency		46	
<b>Total Expenditure</b>		<b>1,173</b>	
Soft Play	206		
TAG Active	292		
Multipurpose Room	35		
Splash Pad	84		
SkyTrail/Nets	267		
Catering	419		
<b>Total income</b>	<b>1,303</b>		
<b>Operator Surplus / Deficit</b>	<b>130</b>		

**Proposed structure and responsibilities Brentwood Borough Council and Wholly Owned Company or 3<sup>rd</sup> party operator**



It is proposed that a Service Level Agreement is drafted between Brentwood Borough Council and the Wholly Owned Company to set out the various roles and responsibilities for both parties.

Other costs to be determined are the car parking fees and charges, which will need to be agreed by Members as part of the annual fees and charges. This will determine

what the projected income to the Council will be. The car park fees and charges will also need to be aligned with the Council's Car Parking Strategy across the whole Borough.

All existing lease income remains unchanged until the expiration of those leases.

It is proposed that any fees and charges are agreed between Brentwood Borough Council and the Wholly Owned Company before being submitted as part of the annual budget setting process.

The Council can obtain funding from the Public Works Loan Board (PWLB). This option of funding offers favourable rates to the Council. The Board's interest rates are determined by HM Treasury in accordance with section 5 of the National Loans Act 1968. The Government has reduced by 20 basis points (0.20%) the interest rates on loans to principal local authorities who provide information as required on their plans for long-term borrowing and associated capital spending (the Certainty Rate). This allows the authority to borrow long-term at a reduced rate compared to the market. Currently rates are averaging at 2.5%.

Another option to the Council is that Alliance Leisure can provide 25-year funding at approximately 5%. This option is a fixed term of 15 years plus 10 years. Alliance Leisure Fund net and build the asset, in turn the Council leases the asset, at the end of term the asset is transferred back to the Council.

The location of the pavilion will also impact on the costs for the project. A site option appraisal was carried out as set out in Appendix 6 and it is recommended that Option 4 is selected as it will achieve all of the desired outcomes and is within the current budget allocation.

#### **8. How will we know if we have been successful – what will be different, how this will be measured, monitoring and review and reporting progress.**

The improvements to King George's Playing Fields will support all six priority areas of the Leisure Strategy.

- Priority 1 Built facilities – the new pavilion will provide fit for purpose, fully accessible and an efficient building.
- Priority 2 Open Spaces – the improvements provide improved fully inclusive ancillary facilities such as changing rooms and toilets which support the existing play pitches and the park in general
- Priority 3 Play Areas – The play areas in King George's Playing Fields will be refurbished as part of the improvement plan
- Priority 4 – The Golf Club, Golf Course and football clubs will have improved ancillary facilities as a result of the build.
- Priority 5 – Health and Wellbeing – The new indoor play, TAG Active, improved fully accessible changing facilities will also provide opportunities to promote Health and Wellbeing initiatives such as reducing obesity,

improving physical and Mental Health and wellbeing and increasing participation and activity level.

- Priority 6 – Management and Oversight – The preferred operating model will have a Service Level agreement in place with agreed KPIs which will be reported to the relevant Committee, together with feedback from residents and visitors on the new facility. The new building will be more efficient and effective to reduce utility costs and enable accurate usage for tenants, create more income streams that will support the free 'community' offer in the park.

## 9. Conclusion and Recommendations

That Members agree the recommendations in the business plan and for the drawdown of the £7m allocation of funding to support the delivery of the King George's Playing Fields improvements and that Members agree to the following options of:

- a) Option 4 for the location of the pavilion building
- b) Option 2 for the splash pad
- c) Option 2 for the outdoor adventure play
- d) Option 3 for the operating model

That Members also support the inclusion of a changing places facility that will support the outdoor play activities; and for officers to commence a procurement exercise to appoint a contractor to undertake the football feasibility works to commence the football hub development at the Brentwood Centre site.

## 9. Appendices

1. Background summary
2. Decision Making Process
3. King George's Playing Fields current income and expenditure
4. King George's Playing Fields – income and expenditure future projections
5. Pavilion site options
6. King George's – Play area improvement plan
7. Splash pad options
8. Operating model options
  - a. BBC Direct management
  - b. 3<sup>rd</sup> party provider
  - c. Trust/CIC
9. Football feasibility background
10. Site plans for king George's Playing Fields improvements
11. ISG background
12. Risk and Opportunity

**Appendix 1. – Background Summary**

The Council's Leisure Strategy was agreed at 18 September 2017 Committee. There are six priority areas set out as follows:

<b>Priority 1 – Built Facilities</b>	The Council needs to ensure that its built facilities are fit for purpose and future proof and the Council will need to target funding appropriately. It needs to ensure that its running costs are kept to a minimum through efficient service provision whilst income levels must grow – reducing net cost further still.
<b>Priority 2 – Open Spaces</b>	The Council will ensure that the Leisure Strategy promotes the policies of the Field in Trust guidance. It has also noted the recommendations from the Play Pitch assessments and that any investment from the Council is targeted to enhance its facilities. Before any work is undertaken the Council will need to undertake a feasibility study to ensure that any works will be sustainable in the future.
<b>Priority 3 – Play Areas</b>	The Council has looked at its current provision and how it can be maintained in the future. Currently the Borough has 28 play areas. 11 of those are owned and managed on Council housing estates, 7 of those are managed by Brentwood Borough Council in the parks and 10 of those are owned and managed directly by the Parish Councils
<b>Priority 4 – Sport</b>	The Council will continue to work to make leisure and sport accessible to the whole population. While the Brentwood Leisure Centre acts as sports hub other activities are provided in the community settings such as village halls and local playing fields, reducing the need to travel, increasing accessibility, and subsequently increasing participation levels.
<b>Priority 5 – Health and Wellbeing</b>	The Leisure Strategy will be a key document to deliver the outcomes for the Health and Wellbeing Board priorities of tackling obesity, ageing well and improving Physical and Mental Health and Wellbeing. Health and employment are intimately linked, and long-term unemployment can have a negative effect on health and wellbeing. The Council will support programmes that target a reduction in health inequalities and that will positively impact sections of the population
<b>Priority 6 – Management and Oversight</b>	The Council needs to ensure that there is the right management and governance in place to ensure that the Leisure Strategy can be successfully delivered. Whatever governance model is decided it will need to include Local Authority members and officers and also public/independent members

Alliance Leisure Services Ltd (ALS) was appointed by Brentwood Borough Council (the Council) through the UK Leisure Framework to develop a sustainable business plan for the on-going leisure and community use of KGPF.

The project objective includes options for capital investment at KGPF to meet the future needs of Brentwood residents in terms of sport, leisure, physical activity and open space whilst ensuring the revenues generated from some of the activities enable the council to fund the improvements. Identification of suitable management arrangements will be integral to the delivery of future income streams.

ALS has partnered with Max Associates to undertake consultation, review sports provision and develop the business approach, Saunders Boston Architects - to provide outline plans and costs, and ISG for the design and construction.

This report considers future demand for the outdoor sports provision, commercial leisure opportunities, catering offer and the wider open spaces of KGPF. The current and potential future management arrangements have also been considered.

The initial proposals looked at the development of a new pavilion building which would provide a 'park hub' for the activities for the whole park. The new pavilion would include fully accessible changing and toilet facilities, new sensory room, provision for Hartswood Golf Club, a Golf Pro Shop, new improved food and drink offer, new indoor play and TAG Active, together with improvements to the current play area and a new wet play offer and new outdoor adventure play.

**Appendix 2. Decision making process**

<b>Committee and date</b>	<b>Date</b>	<b>Detail</b>	<b>Recommendation</b>
<b>Community Health and Housing Committee</b>	3 July 2017	Leisure Strategy	To Agree to the Council's Leisure Strategy 2018-28 and Action Plan
<b>Policy Projects and Resources Committee</b>	18 September 2017	Leisure Strategy	To agree to the Council's Leisure Strategy 2018-28 and action plan
<b>Policy Projects and Resources Committee</b>	12 March 2018	King George's Playing Fields	Budget and delegated authority was given to the Chief Executive in consultation with Chair of Community Health and Housing and the Leader of the Council to appoint a Leisure Development partner to develop a sustainable business plan for the improvements to King George's Playing Fields
<b>Community Health and Housing Committee</b>	4 December 2018	King George's Playing Fields	To agree the budget requirement and refer to Policy Projects and Resources Committee as part of the Council's budget setting process
<b>Policy Projects and Resources Committee</b>	23 January 2019	King George's Playing Fields	Support the inclusion of £7m for the development of KGPF within the Council's Capital Programme for 2019/20. Expenditure would only occur, subject to the full business plan and operating model details being approved by Policy Projects and Resources Committee.
<b>Policy Projects and Resources Committee</b>	5 February 2019	Budget	Agree the budget for 2019/20
<b>Ordinary Council</b>	27 February 2019	Budget	Ratification on the budget for 2019/20
<b>Leisure Strategy Working Group</b>	12 March 2019	King George's Playing Fields Options	To look at the proposed options for the pavilion building, the wet play offer and the new outdoor adventure play
<b>Public consultation events</b>	14 March 2019 and	King George's	To gather feedback from the proposed designs and concepts of the pavilion building, wet play offer

	23 March 2019	Playing Fields	and the new outdoor adventure play
<b>Policy, Resources and Economic Development</b>	10 July 2019	King George's Playing Fields	To agree the business plan, operating model and the drawdown of monies from the allocated budget.
<b>Planning Committee</b>	TBC – September/October	King George's Playing Fields	To agree the planning submission for the improvements to King George's Playing Fields

**Appendix 3. King George's Playing Fields Income and Expenditure (2018/19)**

<b>Income</b>	<b>Amount</b>
Football pitch hire	£7,727
Bowls – season tickets and annual lease	£14,229
Rugby Club – pavilion and pitch lease	£400
3 <sup>rd</sup> Brentwood Scouts- hut lease	£100
Café – annual rent	£25,000
Adventure Golf – annual rent	£25,000
Paddling pools – fees (now removed)	£0
Hartwood Golf Course – green fees	£227,202
Hartwood Golf Club	£685
Car park income – see table below	£1,007
<b>Total income</b>	<b>£301,350</b>
<b>Expenditure</b>	<b>Amount</b>
Pavilion - Repairs and Maintenance	£77,075
Grounds maintenance	£61,800
Bowls - lawn maintenance	£15,000
Football – pitch maintenance	£4,000
Park warden	£26,000
General maintenance	£10,000
Golf course expenditure	£347,597
<b>Total Expenditure</b>	<b>£531,472</b>
<b>Current net income to BBC</b>	<b>£230,122</b>

**Current car parking charges**

<b>KGPF Car parking fees</b>	<b>Charging Period Monday – Friday 9am – 6pm</b>	
<b>A- Rugby Club – Ingrave Road</b>	Up to 4 hrs in A, B, C, D	Free
<b>B- Main car park</b>	Over 4hrs in A & D	£5.00
<b>C- Overflow car park</b>	Coaches – all day	£15.00
<b>D- Hartwood Road</b>	4 hours free no return for 2 hours	

There are variations to this for sports events during the week. Lawn Bowls players are advised that parking is available free of charge in the unsurfaced overflow car park. Golfers are not charged any parking fees providing a round of golf is being played during the visit.

#### Appendix 4 – King George's Playing Fields income and expenditure future projections (to BBC)

Existing Income	Amount
Football pitch hire	£7,727
Bowls – season tickets and annual lease	£14,229
Rugby Club – pavilion and pitch lease	£400
3 <sup>rd</sup> Brentwood Scouts - hut lease	£100
Adventure Golf – annual rent	£25,000
Hartwood Golf Course – green fees	£227,000
Hartwood Golf Club lease	£685
Car park income	£115,000*
<b>Total income</b>	<b>£390,141</b>
New income	Amount Year 1
Lease income from WOC	£364,000
<b>Total combined income</b>	<b>£754,141</b>
Existing Expenditure	Amount
Bowls - lawn maintenance	£25,000
Grounds maintenance	£61,800
Park warden	£26,000
Golf course maintenance	£347,000
<b>Total existing expenditure</b>	<b>£459,800</b>
New Expenditure	
Pavilion Build Costs	£5,000,000
Soft Play and Tag Active	£600,000
Café	£75,000
Outdoor Sky Trail and Nets	£545,000
Outdoor Splashpad	£400,000* reuse system costs
Professional Fees	£553,000
<b>Total Build Costs</b>	<b>£7,173,000</b>
Interest on borrowing @2.5%	£179,325
Minimum Revenue Provision (principal)	£219,626
<b>Annual Financing Costs</b>	<b>£398,951</b>
<b>Total Combined expenditure</b>	<b>£858,751</b>
<b>Net income to BBC</b>	<b>£104,610</b>

\*car park income is subject to the Car Parking Strategy being agreed and the agreement of the relevant fees and charges

**Appendix 5. Play area improvement plan**

These monies are already allocated as part of the Council's capital programme and will be part of a single procurement exercise for the Council's play areas for the next 5 years. The procurement exercise will be undertaken through the sport and leisure framework and it is due to go live in July. It is expected that a contractor will be appointed in September/October 2019. The Council is looking for each tender to come up with their inclusive play area concept for the three phases in KGPF.

<b>Year</b>	<b>Area of Improvement</b>	<b>Budget</b>
<b>2019-20</b>	Phase 1 – Toddler Play area	£150,000
<b>2020-21</b>	Phase 2 Junior Play area and outdoor gym	£200,000
<b>2021-22</b>	Phase 3 – Senior Play area	£500-£600
<b>Total</b>		£950,000

<b>APPENDIX 6 – Pavilion site appraisal</b>				
Option No.	Option 1	Option 2	Option 3	Option 4
Description	Do nothing	Refurbish existing pavilion	Partial build on existing building	New build on car park
Delivery on time	NA	Unknown as transitional arrangements need to be considered for existing services	No – Longer build time due to set up of transitional arrangements	Yes
Increased income generation	No	No	Yes	Yes
Cost	£- current annual R & M costs	££ - Not fully identified	££££ - will exceed agreed allocated budget	£££ - will be within agreed allocated budget
Delivers the strategic expected outcomes	No	No	Yes	Yes
Indoor Play Option	No	No	Yes	Yes
Multi Use room	No	No	Yes	Yes
Toilet Provision	Same	Refurbished and upgraded	Added Provision	Added Provision

Lift	No	No	Yes	Yes
Changing facilities	Yes, limited accessible change. Poor condition.	Yes, limited accessible change. Upgraded to modern fixtures & fixings.	New build will have up to date changing facilities that meet the regulations and accessible change.	New build will have up to date changing facilities that meet the regulations and accessible.
Changing Places	No	No	Yes	Yes
Access	Individual entry too many areas leading to poor security. Level access to parts of the building. With no level thresholds.	Without extensive changes this is similar to Option 1. Level access to parts of the building. Level thresholds will be included in the refurbishment.	The new facility will have level thresholds, a lift and ambulant disabled access. The Scheme still has to deal with a 0.6 – 0.7 meter drop right at its entrance.	The new facility will have level thresholds, a lift and ambulant disabled access, being fully DDA compliant
Visibility	Poor visibility of entrance	Poor visibility of entrance	Good visibility of the entrance.	Excellent visibility of the entrance and excellent relationship with parking
Customer Focus	Poor	Limited	Excellent	Excellent
Alteration to access road	No	No	No	Yes
Vandalism	Likelihood high, with low roof and rails around the building. As Current building shows.	Likelihood high, with low roof and rails around the building. Additional Measures to be included to prevent this.	Height of new roof restricts access generally. The sloping site creates areas likely to attract greater vandalism. Anti-Vandalism Measures will be put into place. A new lighting strategy will also act as a deterrent.	Height of new roof restricts access. Anti-Vandalism Measures will be put into place. A new lighting strategy will also act as a deterrent.
Potential Revenue	£	££	££££	££££

## Appendix B

Disruption during construction	None	A phased approach will minimize disruption however there will be loss of services.	During construction there will be significant disruption.	Modified access from car parks however otherwise none.
Continuity of use of existing facilities	Yes	Limited and transitional arrangement will need to be in place during any refurbishment	Limited and transitional arrangements will need to be in place during any refurbishment during construction	Yes
Relationship to all park facilities	As Existing	As existing but better condition	As existing location but in a modern building	Most central
Level Access without ramp	No	No	No	Yes

## Appendix 7. Splash Pad Options

The splash pad was identified from the public consultation as one of the top activities that would encourage more visits to the park. It is proposed that the splash pad will be located within the fenced area on the old footprint of the paddling pools which was removed in 2018. Ustigate has been appointed as contractor. They are based in Dartford, Kent and will provide a full turnkey solution for the design, build, service and maintenance. Staff training will be included, and spare parts are readily available. There is an office and field-based team to provide on-going care and support. There are two options regarding the type of system for water usage that could be used for the splash pad.

**Option 1 - A flow through system with a grey water facility** which would enable Brentwood Borough Council to feed aquatic play and to irrigate the golf course with the same water. It will require a holding tank of 10m<sup>3</sup> to feed the features and two 60,000L above ground (for easy access) grey water tanks and a plant room. This would also require a 230m trench to the golf course holding tank which is at the rear of the bowls greens. This system will run directly of the mains then there is a limit to the number of features that could be installed. This would include 22 features and 9 interactive products linked to pod sprays. This could accommodate up to 60 people based on the number of play items. Build costs are estimated at £300k.

**Option 2 - A recirculation system** which will enable BBC to treat and recycle the water for the aquatic play. Water will still be needed for sanitising the tank at commissioning, backwashes and some will be lost to evaporation (1L per participant). It will require less direct resource from the mains water which means that more features can be added to the splash pad. The splash pad will require a PWTAG compliant two tank system (clean and dirty tank) and plant room. This system can provide 38 features including 12 interactive products linked to pod sprays and could accommodate up to 130 people at each session. It is more staff intensive due to the requirement for several water quality checks per day but is better for large high flow schemes. Build costs are estimated at £400k.

The table below sets out the estimated costs and income for the splash pad activity

<b>Splash Pad calculations</b>			
<b>Assumptions</b>			
Daily Operation Hours	6		
No of weeks of operation (season)	26		
Total Days Operation Use	182		
Price based per hour	£2.50		
<b>Option 1</b>		<b>Option 2</b>	
Users (based on play features)	60	Users (based on play features)	130
Total users per day	360	Total users per day	780
Total users per season	65,520	Total users per season	141,960
<b>Income</b>		<b>Income</b>	
Maximum seasonal income	£163,800	Maximum seasonal income	£354,900
<b>Expenditure</b>		<b>Expenditure</b>	
Estimated build costs	£300,000	Estimated build costs	£400,000
Approximate annual running costs	£31,263.60	Approximate annual running cost	£15,797.12
Annual staff costs (6 hours per day) @£10ph	£10,920	Annual staff costs (6 hours per day) @£10ph	£10,920
<b>Total running costs</b>	<b>£42,183.60</b>	<b>Total running costs</b>	<b>£26,717.12</b>
Annual capital and interest payments	£22,500	Annual capital and interest payments	£30,000
<b>Total annual costs</b>	<b>£64,684</b>	<b>Total annual costs</b>	<b>£56,717</b>
Net annual income	£99,116	Net annual income	£298,183
Seasons required to make back investment	3	Seasons required to make back investment	1.3

There is also an opportunity for associated secondary spend with the splash pad with the selling of swim nappies, water play toys, swimming costumes and towels from the main pavilion.

## **Appendix 8 – Operating Model Options**

### **Background**

There is a £7million budget in the Council's Capital programme for the development of a new Pavilion at KGPF. The MTFP assumes the £7million will be externally borrowed, therefore the MTFP has the interest of this borrowing and MRP (principal repayments) built into the base budget for 19/20 onwards. The Council will therefore build the new pavilion.

In 2018/19 the Council opted to apply the sports exemption, this generated approx. £400k of income to the Council as a VAT refund. The option to tax, has resulted in sporting and leisure services provided by the Council to be exempt from VAT, rather than standard rated.

The Council makes exempt supplies and therefore must carry out an annual partial exemption calculation. Within this period the exempt input tax, should not exceed 5% of the total input VAT incurred by a local authority. If the partial exemption limit is exceeded, the local authority must repay all the VAT it has recovered in relation to its exempt supplies during the financial year.

Currently the Council's partial exemption averages around 4%. As the development of KGPF pavilion is to provide sporting and leisure services, the build costs will form part of the partial exemption calculation and the Council is likely to exceed its partial exemption limit by approximately 30%. The result of this is that the Council would be expected to repay £1.6 million to HMRC, a cost the Council cannot afford.

### **VAT advice**

The Council has sought Professional advice from KPMG regarding the following:

- What are the effects of the development of the new pavilion on Brentwood's partial exemption?
- What is the best suitable option for the management of the facility and the impact of the option to tax?

Brentwood applied the sports exemption to sporting activities last year, as such the supplies in connection with sporting activities from the new playing field development will be exempt from VAT. Supplies that are not connected with sport such as sale of food and drink from the club members bar and lounge will be subject to VAT at the standard rate (or zero rated if there are any cold take away food sales). The letting of any specific areas within the new pavilion will be a right over land and this will be an exempt supply unless Brentwood opts to tax the property, in which case it will be subject to VAT at the standard rate. KPMG summarised the VAT treatment of the primary supplies identified below:

<b>Nature of Service</b>	<b>VAT Liability</b>	<b>Application to the Council</b>
Charges to play or take part in a sporting activity	Exempt	This will be exempt as BC has applied the exemption for sporting services following the Ealing VAT case.
Use of changing rooms, showers and hire of sports equipment	Exempt	On the basis that the use is ancillary to taking part in sports activities. As BC has applied the exemption for sporting services following the Ealing VAT case.
Catering, food and drink sales.	Taxable - Standard-rated or zero-rated	Sales of food and drink are taxable at the standard rate. Cold take away food sales are zero-rated.
Hire of sports pitches/facilities	Exempt or standard-rated if opted to tax	Where facilities are booked for a period of 24 hours or more or meet the 'block booking' conditions, the VAT liability of this supply will change to standard-rated if BC opts to tax. Otherwise it will be exempt.
Letting of a room or a specific area for exclusive use.	Exempt or standard-rated if opted to tax	This is a VAT exempt let on the basis of Schedule 9 Group 1 (i.e. right over land), the VAT liability of this supply will change to standard-rated if BC opts to tax.

The VAT incurred by Brentwood on the development of the KGPF and its operation and management will depend on its future use:

- BC operates the KGPF making exempt supplies of sporting services and taxable supplies from the bars;
- BC operates KGPF making exempt supplies of sporting services and lets the bars and shop to a third party;
- BC contracts the operation of KGPF to an unconnected party (i.e. a separate Leisure Trust) to operate, or
- BC contracts the operation of KGPF to a connected party (i.e. a subsidiary company owned by BC) to operate.

Each of these will have a different impact on BC's partial exemption de minimis limit. Under each option:

- Any VAT incurred on expenditure that is exclusively used to make exempt supplies of sporting services will count towards BC's de minimis limit.

- Any VAT incurred on expenditure that is exclusively used to make taxable supplies (e.g. from the bars and golf shops) will not count towards the de minimis limit.
- VAT incurred on overhead costs relating to both taxable and exempt supplies will need to be apportioned. This can be done by using any fair and reasonable method, with income or expected income (taken from a business plan) being a good starting point. The VAT that, under this apportionment, is treated as relating to exempt supplies will count towards BC's de minimis limit.

Making an option to tax may help to reduce the level of exempt input VAT that will count towards the partial exemption de minimis limit. However, as the recipient of BC's services will most likely be unable to recover VAT, the addition of 20% VAT to the price of the services will increase the cost to the recipient.

Based on the advice sought, options have been investigated and financially modelled to ensure the best financial model for the Council.

### Options

All options are under the consideration that the Council will opt to tax the land that KGPF Pavilion and surrounded services will be built upon. By opting to tax the land, this will reduce the level of VAT that will count towards BC's partial exemption de minimis limit. Each option reduces this amount differently.

#### **1. Do nothing** – Council builds the pavilion and manages the running of the building

Pros:

- Council keeps control of the building.
- Surplus from the Pavilion goes straight into the General Fund

Cons:

- High Staff Costs, staff employed by the Council to run the Pavilion would have the right to enter into the Local Government Pension Fund, current employer contributions are 17.1%.
- Future partial exemption costs, as exempt supplies and costs would count towards the Council's future partial exemption.
- Partial exemption breached costing the council in cash terms as well as accounting an extra 1.6 million

Build Costs	Amount £
Total Build	7,000,000
Partial Exemption Cost	1,600,000
Total Cost to BBC	<b>8,600,000</b>
Total Income of Operations	699,615
Total MRP and Interest	(472,000)
<b>Net Income to BBC (averaged over 5 years)</b>	<b>227,615</b>

2. **Invite bids for operation** – Council builds the pavilion and contracts the operation to an unconnected party.

Pros:

- Would receive Commercial rent (if the unconnected party was not a trust)
- Supply would be subject to VAT at the standard rate. In this case, none of the VAT incurred by BC on the development would count towards its de minimis limit

Cons:

- No current trusts that would be able to manage the KGPF pavilion.
- Other large unconnected parties that are not a trust, may not be interested in running the vicinity due to the return on the pavilion.
- With the BLT site still to be determined there could be more than one Leisure provider in the Borough. Ideally the Council would want one operator running all it's leisure facilities.
- Any surplus after commercial rent would go to the unconnected party.
- May not be able to cover VAT or pass VAT causing a negative impact on bottom line.

Build Costs	Amount £
Total Build	7,000,000
Partial Exemption Cost	0
<b>Total</b>	<b>7,000,000</b>
Lease Income	400,000
Total MRP and Interest	(394,000)
<b>Net Income to BBC (after MRP and interest)</b>	<b>6,000</b>
<b>Net Income to Unconnected party</b>	<b>144,975</b>

**3. Contract operation to Wholly Owned Company**

## Pros:

- Would receive a commercial rent from WOC – this would cover the interest and MRP costs as a minimum rent. WOC would lease pavilion from BBC
- Other charges to WOC would include back office support provider by the council at market rate
- Keep control of the building for the interim period pending the development of Brentwood Centre site.
- Any surplus would go to WOC, surpluses made in WOC can be paid to BBC as a dividend.
- Supply would be subject to VAT at the standard rate. In this case, none of the VAT incurred by BC on the development would count towards its de minimis limit
- Staff would be employed by WOC, or WOC would sub lease. Staffing costs would reduce as WOC pension costs would not be as high as the Council's 17.1%
- Council would reduce the lease payment by the amount of car parking income as the Council will retain and manage the car park

## Cons:

- Net return to WOC may not meet the minimum requirement it requires for investment currently.
- SAIL would have to look to invest in HR policies and Payroll provider/system – supplying staff would be a new venture for WOC
- Income subject to VAT therefore less income received under WOC model

Build Costs	Amount £
Total Build	7,000,000
Partial Exemption Cost	0
<b>Total</b>	<b>7,000,000</b>
Lease Income	364,000
Service Agreement income	116,000
<b>Total Income to BBC</b>	<b>480,000</b>
Total MRP and Interest	(394,000)
<b>Net Income to BBC (after MRP and interest)</b>	<b>86,000</b>
<b>Average Net Income to WOC</b>	<b>130,000</b>

## Appendix 9 – Football Feasibility Background

Members will be aware of the recommendations of the Play Pitch Strategy, the Built Facilities Strategy and the Local Football Facilities Plan for Brentwood, which was agreed at 4 December Community Health and Housing Committee. The recommendations in respect of football looked at the need for additional 3G pitches ideally as part of a football hub, and the Brentwood Centre site was identified as a priority location for the development. It is proposed that a feasibility study is undertaken to explore the potential development of a football hub at the Brentwood Centre site which will support a number of clubs across the Borough including Brentwood Town Football Club who are also located on the site. This will identify preferred location, configuration, surveys required and external funding sources to reduce any budgetary considerations required by the Council.

The Play Pitch Strategy and the Local Football Facilities Plan set out the recommendations that directly relate to football improvements cross the Borough.

The Play Pitch Strategy for Brentwood set out six key recommendations for football:

- a. Protect the current level of football across the Borough, especially The Arena (Brentwood Town Football Club) at the Brentwood Centre site
- b. Seek to increase the number of full sized 3G AGP's (third generation, artificial grass pitches) that are available for community use, through the development of new facilities or improving the access to existing facilities.
- c. Explore potential options for the creation of football hub sites, in order to provide high quality multi-pitch facilities in strategic locations across the borough.
- d. Continue to invest in the grass pitches across the borough, to improve the quality and reduce the amount of cancelled games during periods of poor weather. Prioritise sites that are key for future community use using site-specific actions and prioritization.
- e. Address the football pitch capacity at periods of peak demand by moving mini and youth football to the proposed new 3G AGP provision while working with the leagues and clubs to establish a more flexible kick-off policy and allow teams to play throughout the day on Saturday's and Sunday's.

The feasibility study would include the preferred location of the hub, the configuration and requirement of the 5 grass pitches and the 3G AGP(s) and changing facility requirements. Surveys would need to be undertaken to identify and mitigate the possible environmental, traffic and planning constraints and to identify the budgetary requirements needed to deliver the project.

The requirements of Brentwood Town Football Club also need to be addressed as part of the feasibility study, such as their current location and their security of tenure.

Their lease is due to expire at the end of December 2020. Due to the short time left of their lease they are unlikely to be successful in attracting funding from the Football Foundation as the Foundation require a minimum lease of 10 years.

As part of the feasibility study external funding sources will need to be identified to understand the budgetary requirement that the Council will need to contribute if they were to develop the football hub. Currently there is an allocation of £750k in the 2019/20 and £750£k in the 2020/21 capital programme budget. As this is seen as a strategic development for the Essex Football Association and the Football Foundation it is expected that the Council would be successful in receiving external funding to support the development of the project. The Football Foundation has also indicated that any feasibility costs borne by the Council will be considered as any march funding for the project.

Subject to the feasibility work being agreed then a full business case would need to be developed and submitted to the relevant Council committee for Members consideration.

Subject to Members agreeing to the business case then a planning application will need to be submitted to be considered by the relevant planning committee.



## Appendix 11 – Please refer to the 10 July Policy, Resources and Economic Development Committee

<https://brentwood.moderngov.co.uk/documents/s16630/Appendix%20L%20- ISG%20presentation%20for%20Brentwood.pdf>

## Appendix 12 - Risks and Opportunities

	HELPFUL	HARMFUL
INTERNAL	<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Member support</li> <li>• Allocated provision within capital budget</li> <li>• Strategic development of leisure facilities</li> <li>• Effective use of resources to provide additional income to the Council</li> <li>• Aligned with play area improvement programme</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Lack of improvement to leisure facilities if not agreed</li> <li>• Not delivering key projects of the Leisure Strategy</li> <li>• No planning approval</li> </ul>
EXTERNAL	<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Increased income streams</li> <li>• Efficient use of resources – Water, more energy efficient building</li> <li>• Provision of measurable activity</li> <li>• To provide additional cycle provision on site</li> <li>• Parallel procurement to speed up construction time</li> <li>• Provision of fully inclusive facilities which will support residents now and, in the future</li> <li>• Leisure Development Partner (ALS) and principal contractor have proven track record of delivery of leisure facilities nationwide</li> <li>• Cost certainty for the build costs</li> <li>• Opportunities for added social value such as job creation, training and apprenticeships</li> <li>• External funding to support sensory and changing places facility</li> <li>•</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• No parallel cost certainty could delay construction commencement</li> <li>• Delays in construction and planned opening (adverse weather conditions, or other unforeseen circumstances during the build and demolition phases)</li> </ul>

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# Appendix C

## **Further Operating Model Analysis**

At Policy, Resources and Economic Development Committee 10th July 2019. Members highlighted that within Appendix 9, Option 1 (Do nothing) generated a higher average net income than the proposed Option 3 (Wholly Owned Company or Third Party). As part of the recommendation to take the report to Extraordinary Council further analysis works was required around these two options to aid members in understanding why Option 3 was the recommended Option.

Currently the pavilion and surrounding site costs the Council in the region of £230k per annum. This includes costs associated with the park and play area, current pavilion, golf course, pitches and bowls area. The business case is proposing ways of improving the site and services provided there at the same time offering the best financial recommendation for the Council.

## **Background**

Brentwood Council opted to apply the VAT sports exemption in September 2018. By applying this exemption, where sporting supplies were now exempt rated rather than standard, the Council was able to make a claim with HMRC for previous years taxed income. This generated the Council a one-off income figure of £

As the Council makes exempt supplies it must carry out an annual partial exemption calculation. Within this period the exempt input tax, should not exceed 5% of the total input VAT incurred by a local authority. If the partial exemption limit is exceeded, the local authority must repay all the VAT it has recovered in relation to its exempt supplies during the financial year.

Currently the Council's partial exemption averages around 4%. As the development of KGPF pavilion is to provide sporting and leisure services, the build costs will form part of the partial exemption calculation and the Council is likely to exceed its partial exemption limit by approximately 30%.

The Council sought advice from KPMG regarding this matter. This advice is provided within Appendix 9 with Appendix B.

Based on the advice, options regarding the pavilion's operating were investigated and financially modelled. Below is further information and analysis with regard to the two options.

## **Options and Analysis**

Appendix 9 was formulated using the allocated budget of £7million, however the total cost of the build needs to be increased to £7.173, this is predominantly due to the increase in cost for the preferred Splash pad option of a recirculation system. Details of this are disclosed in Appendix 8, within Appendix B. The original budget for the Splashpad was £250k, the proposed option increases the budget by £150k with a further £23k required for professional fees and surveys associated with the whole build.

In addition, since the original report was published, it has been confirmed that HMRC do not deem soft play as sporting income and therefore income should standard

rated. Therefore, the income associated with this has reduced as the proposed fee's and Charges within the model now include VAT. It had been considered to add VAT onto these existing charges, however the view was that this would make the fees & charges too expensive. Assumptions around the business model are detailed within Appendix D

Taking these changes into account, the following Option analysis have been revised.

**Option 1 – The Council builds the pavilion and operates the building.**

Costs below in Table 1 highlight the increase cost of the building due to the VAT on the build costs not being able to be reclaimed by the Council. It then details the income from the operation of the building.

**Table 1: Partial Exemption Increase to build Costs**

	£
Required Investment	7,173,000
VAT on Investment at 20%	1,434,600
<b>Total Investment for KGPF</b>	<b>8,607,600</b>
<b>Income from operation</b>	<b>(1,551,911)</b>
<b>Expenditure</b>	
Expenditure on operation	888,705
Interest on Total Investment at 2.5%	215,190
Minimum Revenue Provision on investment	219,082
<b>Total Expenditure</b>	<b>1,322,977</b>
<b>Net income from Operation</b>	<b>(228,934)</b>

Due to the Council exceeding its partial exemption limit of 5% the Council would have to repay HMRC the full amount of VAT incurred on exempt supplies, not just the amount associated with KGPF or the amount that exceeds 5%.

Based on 2017/18 the Council recovered £94k of VAT relating to exempt supplies. This is broken down as £52.5k Revenue and £41.5k capital. This is assumed as an average year pressure.

Table 2 highlights the decrease to the net income from operation due to the additional VAT that would have to be repaid. As the net income from operation is a revenue income, the VAT associated with capital costs has not been deducted from the income. This is due to capital needing to be accounted separately to revenue. However, as the unclaimable VAT increases the Capital Programme costs, this will be needed to be funded, our Medium-Term Financial Plan (MTFP) assumes all capital works are fully funded by borrowing, this incurs revenue pressures.

**Table 2: General Fund Impact & Option 1 Return on Investment**

	£
<b>Net income from Operation</b>	<b>(228,934)</b>
General Fund VAT unclaimable	52,500
VAT unclaimable for Pavilion supplies	58,707
Increase in Capital Borrowing Costs	2,075
<b>Net Income to BBC</b>	<b>(115,652)</b>
<b>Council Return on Investment</b>	<b>1.34%</b>

As the newly built pavilion, under this option, will be managed by the Council. Cost's associated to running the pavilion will contribute towards the Council partial exemption calculation for future years.

Increasing the financial risk that the Council would breach its partial exemption limit year on year.

Potential Pressure to the General Fund would be an increase of **£113,282 per annum**.

In order to mitigate this financial risk, the proposed Option is Option 3. However another option was considered before this proposal.

### **Option 2 – Pavilion operated by an Unconnected Party**

Appendix 8 within Appendix B, does refer to a further option. This option involves the Council building the pavilion building and then contracting the operation of the pavilion to an established leisure company not connected with the Council.

This option would receive a Commercial rent and therefore would be subject to VAT so the build costs associated with the new pavilion would not form part of the Council's partial exemption calculation.

The Council would only receive the lease income from this option. Table 5 highlights the return on investment for this option.

**Table 3: Option 2 Return on Investment**

	£
Total Build Costs	7,173,000
Lease Income	(400,000)
Car Parking Income	(116,000)
Saving on existing Expenditure	(71,672)
<b>Total Income</b>	<b>(587,672)</b>
Total MRP & Interest	398,407
<b>Net Income to BBC</b>	<b>189,265</b>
<b>Return On Investment</b>	<b>2.64%</b>

Option 2 creates a higher return than Option 1, Option 3 supersedes this return to the Council.

### **Option 3 – Contract operation to Wholly Owned Company or Third Party.**

This option transfers the operation of the pavilion and leisure services to a Wholly Owned Company. By doing this, the Wholly Owned Company does not need to apply the sports exemption to the sporting services provided. Instead the Fees & Charges would include VAT as the wholly owned company would look to opt to tax the building and surrounding area of supply.

As the Council is choosing to opt to tax the land associated with the pavilion and new services provided, the rental charge to the Wholly Owned company would be standard rated, therefore the build costs would not count towards the Council's partial exemption limit.

Currently, the lease income from the Wholly Owned Company is £33,995 less than the Council's financing costs. Originally the financial model, assumed the Wholly Owned Company would retain the car parking income. However, it has been recommended the Council would maintain ownership of the car park, setting the fees and charges and enforcing the car park. Therefore, in order to make a reasonable return to a wholly owned company for operating the pavilion the lease income was reduced, with the conclusion that £33,995 of the car parking income would fund the Borrowing costs not covered.

Information regarding the assumptions on Car parking Income is detailed within Appendix D

The business model of the Wholly Owned Company has developed since original publication. It is assumed that the WoC would require to borrow working capital in order to support the cashflow required for the first year of operation. Generating an additional income to the Council.

Service Support Recharge is an assumption that BBC will provide some back-office support element to the WoC and therefore would charge the WoC for these services.

As the Pavilion would be operated and managed by the WoC, the Council would no longer need to budget for the running costs associated with the pavilion. This would generate a saving to the current General Fund budget.

Table 3 details the income to the Council if a WoC managed the operation of KGPF Pavilion.

**Table 4: Option 3 WoC Return on Investment**

	£
<b>Total Investment</b>	<b>7,173,000</b>
<u>Income to BBC</u>	
Car Parking Income	(116,000)
Lease Income from WoC	(364,412)
Interest at 2% on Working Capital Loan	(23,506)
Service Support Recharge	(79,171)
Saving on existing expenditure	(71,672)
<b>Total Income to BBC</b>	<b>(654,761)</b>
<u>Expenditure</u>	
Interest on borrowing	179,325
MRP on Borrowing	219,082
<b>Total Expenditure</b>	<b>398,407</b>
<b>Net Income to BBC</b>	<b>(256,354)</b>
<b>Council Return on Investment</b>	<b>3.57%</b>

Table 4 below details the Income and Expenditure associated to the WoC for operating the pavilion and associated services.

The financial model assumes the WoC will charge VAT on it's Fees & charges and reclaim VAT on expenditure. Option 1's gross income is higher than the income in Table 4, as the majority of the income is not standard rated due to applying the vatable exemption to the fees & charges,

It should be noted that it is assumed the WoC is 100% owned by the Council as shareholders and therefore any profit made on operations, can be reinvested into the Pavilion or paid as a dividend income to the Council which would increase Investment Income in the General Fund.

**Table 5: WoC Operating Return on Investment**

	£
Total Income	(1,301,483)
Total Expenditure	1,171,562
<b>Operator Surplus</b>	<b>(129,921)</b>
Interest on working Capital	47,063
<b>Profit after interest</b>	<b>(82,858)</b>
Corporation tax	14,914
<b>Profit After Tax</b>	<b>(67,944)</b>
<b>Return on Operating</b>	<b>5.22%</b>

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Alliance Leisure Services Ltd (ALS) was appointed by Brentwood Borough Council (the Council) through the UK Leisure Framework to develop a sustainable business plan for the on-going leisure and community use of King George's Playing Fields (hereafter known as KGPF).

The project objective includes options for capital investment at KGPF to meet the future needs of Brentwood residents in terms of sport, leisure, physical activity and open space whilst ensuring the revenues generated from some of the activities enable the council to fund the improvements. Identification of suitable management arrangements will be integral to the delivery of future income streams.

ALS has partnered with:

- Max Associates - to undertake consultation, review sports provision and develop the business approach;
- Saunders Boston Architects - to provide outline plans and costs; and
- Createability – for design and construction.

The business case considers future demand for the outdoor sports provision, commercial leisure opportunities, catering offer and the wider open spaces of KGPF. The current and potential future management arrangements have also been considered.

This report looks to detail the research and benchmarking carried out to arrive at the financial forecasts built within the Business Case operating Model.

Max Associates who drafted the original Business Case, carried out the following;

- **Demographic Review** – to aid in understanding the population trends and demographics of Brentwood in order to help develop the proposals for KGPF. The population data was reviewed, along with the Sport England Market Segmentation and levels of physical activity.
- **Population Catchment** – Catchments for different facilities in the Playing Fields will differ. The use of the playground, skatepark, floral gardens and the general open space will likely attract from a smaller catchment compared to, The indoor soft play type facilities are likely to attract from a 15 – 20 minute catchment, and it is anticipated that new outdoor attractions will drive a catchment of 30 minutes and beyond.
- **Consultation** - To further understand the opportunities for development of KGPF and to gauge the level of community interest a range of stakeholder and community consultation has been undertaken. Stakeholders that are tenants at KGPF have provided feedback about the possibility of having a central pavilion hub with a range of services being provided. Community consultation was undertaken to understand people's attitudes and perceptions towards KGPF. Three different methods were undertaken in the form of an online survey and via face to face interviews at KGPF and at the Strawberry Fair held at Shenfield Common on 16<sup>th</sup> June 2018.

### **Survey Key Findings**

The key findings of the surveys are set out below:

- The distance that most of the park visitors had travelled differed between surveys with the majority of face to face survey visitors coming from over 10 miles away, whilst those completing the survey online lived much closer, with 50% travelling 1 to 3 miles.

- Travelling to the park by car was by far the main mode of transport for all surveys but peaked at 92% for the face to face user surveys.
- Frequency of visit varied between the three different surveys, with 51% of the online respondents stating that they came once a month or less, whilst 62% of the face to face respondents were coming at this frequency.
- In addition 7% to 10% of the online and Strawberry Fair respondents stated they came daily.
- The Children's Play area was the main reason for visiting from all surveys, averaging around 60%, followed by Crazy Golf and the Formal Gardens.
- The main reasons for people not visiting/using the Playing Fields were 'Not Enough Time', followed by 'Other', and then 'No Features/Facilities that interest me'.
- For people that don't currently visit there were several things that would apparently encourage them to visit, but the splash pad seems to be the main possible development.
- For people already using the area, the main thing that would encourage them to use more were "features/activities for families to enjoy together at 19% Strongly Encourage, followed by "more features for children under 12"
- The features that would encourage users to use the area more were an Outdoor Adventure Play area, and a Splash Pad

The consultation has identified that additional or improved outdoor play provision would be the main reason for people to use the KGPF more often. This might be due to the main reasons that people are currently visiting the site. Adventure play and a splash park are the highest scoring attractions from the surveys. This might also be impacted due to the existing paddling pools being closed for the 2018 season.

To assess the type of alternative activities that could be provided at KGPF to support the Council's Vision, the type of destination leisure facilities that are within the relevant catchment area have been assessed to the type of facilities and activities are provided in the region. Table 1 identifies the key competitor facilities

**Table 1: Key Competitors**

Competition	Catchment Area	Comments
High Ropes	45-minute drive	There are 10 high rope venues within a 45-minute drive of which two are indoor, Kidspace and AdventureKidz
Zip Wires	45-minute drive	There are five zip wires at the sites with high ropes
Jump/Thrill Towers	45-minute drive	There is a tower at Stubbers Adventure Centre which you can abseil down.
Segway	45-minute drive	There are three venues where you can use segways
Trampoline Parks	30-minute drive	There are six trampoline parks within a 30-minute drive. There are no outdoor trampoline parks
Amazing Play	45-minute drive	There are six maize mazes within a 45-minute drive, one with scramble nets.
Soft Play	30-minute drive	There are twenty-four soft play venues within a 30-minute drive
Splash Pads	60–90-minute drive	There are seven parks with splash pads within an hour and half drive
3G Pitches	20-minute drive	There are four 3G pitches within a 10-minute drive. This increases to thirty sites with 3G once the catchment is increased to 20-minutes.

### Proposed Facility Mix

Based on the outline vision of the Council, community and stakeholder consultation, demographic review and the competition analysis there is clear opportunity for the development of King George’s Playing Fields. The community consultation has shown that KPFG is well-regarded and the community would like to see improved, especially with activities for children.

The wide mix of stakeholders are all keen to stay at the site and while they all have different needs, there is a recognition that sharing a new improved pavilion would be beneficial.

The suggested facility mix for a new pavilion has been explained within the table 2 below.

**Table 2: Proposed Facility Mix**

<b>Proposed facility mix</b>
<b>Indoor</b>
<p><b>Golf clubhouse</b></p> <ul style="list-style-type: none"> <li>• Club Room</li> <li>• Access to community room</li> <li>• Storage space for trophy cabinets and wall space for wallboards</li> </ul>
<p><b>Golf Pro Shop</b></p> <ul style="list-style-type: none"> <li>• Shop floor space to be to large enough to sustain commercial golf shop</li> <li>• Reception point for green fee payments</li> <li>• Direct access to 1<sup>st</sup> tee of course</li> <li>• Small office to support shop</li> </ul>
<p><b>Community Room</b></p> <ul style="list-style-type: none"> <li>• Flexible space with good storage</li> <li>• Integrated audio system</li> </ul>
<p><b>Indoor adventure play</b></p> <ul style="list-style-type: none"> <li>• Soft Play (aimed at pre-school and school aged children)</li> <li>• Tag Active or large adventure play</li> <li>• Seating area to support</li> </ul>
<p><b>Café facilities</b></p> <ul style="list-style-type: none"> <li>• Located at the heart of the pavilion</li> <li>• To provide catering for the indoor adventure play and for the wider park users</li> <li>• Access to outside area (directing toward adventure golf and playgrounds)</li> </ul>
<p><b>Shared facilities – open to the public</b></p> <ul style="list-style-type: none"> <li>• Male and Female public toilets</li> <li>• Changing Places facility</li> </ul>
<b>Outdoor</b>
Splash Pad
Sky Trail & Climbing Nets
Additional car parking or overflow parking

## **Revenue Business Model**

A revenue business model has been developed for the facilities within the Playing Fields. The business model sets out total income and expenditure projected once the pavilion and outdoor developments have been completed.

In projecting the potential income streams, the following has been considered:

- size, layout and capacities of new pavilion and outdoor activity areas;
- assessment of the existing income and expenditure to understand the current cost of KGPF;
- demographic profile of the area;
- demand and supply assessments for key facilities;
- results of the stakeholder and community consultation and
- competition and comparable facility review for indoor/outdoor activities and soft play pricing.

Expenditure projections are based on the following:

- existing costs attributed to the Playing Fields;
- industry rates for R&M and utilities for the pavilion.
- staffing costs at average industry rates;
- maintenance and equipment placement costs of the activity areas; and
- central costs of the managing organisation.

The opening hours are set out in the table 3, including current and those recommended for new facilities.

**Table 3: Opening Hours of New Pavilion**

<b>OPENING HOURS</b>		<b>Open</b>	<b>Close</b>	<b>Total Hours</b>	<b>Comment</b>
<b>Pavilion building</b>	M-F	07:00 am	08:00 pm	85:00	Weekend times may close later in functions are on.
	S/S	08:00 am	06:00 pm		
<b>Soft Play</b>	M-F	10:00 am	06:00 pm	56:00	
	S/S	10:00 am	06:00 pm		
<b>Tag Active – term time</b>	M-F	04:00 pm	08:00 pm	36:00	Open after school and weekends during term time
	S/S	10:00 am	06:00 pm		
<b>Tag Active - holidays</b>	M-F	10:00 am	08:00 pm	66:00	Longer opening hours during holidays
	S/S	10:00 am	06:00 pm		
<b>Splash Pad</b>	M-F	11:00 am	06:00 pm	49:00	Open: Easter holidays & May half term. Weekends April, May and Sept. All week from end June – beginning September.
	S/S	11:00 am	06:00 pm		
<b>Café</b>	M-F	7:00 am	06:00 pm	87:00	Café open early for early golf tee off's.
	S/S	7:00 am	06:00 pm		
<b>Outdoor sky trail / nets – term time</b>	M-F	04:00 pm	06:00 pm	24:00	Open after school and weekends during term time.
	S/S	11:00 am	06:00 pm		
<b>Outdoor sky trail / nets- holidays</b>	M-F	10:00 am	06:00 pm	56:00	Longer opening hours during holidays
	S/S	10:00 am	06:00 pm		
<b>Golf Course - summer</b>	M-F	07:30 am	06:00 pm	73:30	
	S/S	07:30 am	06:00 pm		
<b>Golf Course - winter</b>	M-F	09:00 am	04:00 pm	49:00	
	S/S	09:00 am	04:00 pm		

## Pricing

The key prices for the new facilities are set out in Table 4. It should be noted that these Fees and Charges are indicative figures and would be set by the wholly owned company and not the Council. The prices stated are inclusive of VAT.

**Table 4: WoC Fees & Charges Assumptions**

KEY PRICES	Activity	Price
Tag Active	Over 8s	£8.00
2 hrs	Adult	£14.00
	Parties (excluding food)	£10.00
	Party food	£4.50
Sky Trail / Nets	Junior 8+	£9.00
	Adult	£9.00
	Party (excluding food)	£7.00
	Party food	£4.50
Splash Pad	Junior	£2.50 (per half hour)
	Parties	£4.00
	Party food	£4.50
Soft Play	Peak	£4.50
	Off Peak	£4.00
	Party (excluding food)	£5.00
	Party food	£4.50
Multi-Purpose Room	Peak (per hour)	£18.00
	Off Peak (per hour)	£12.00
Golf course	Round (average)	£20.00
	Memberships (average)	£650.00
	20 ticket rounds (average)	£300.00
Bowls	Adult	£152.00
	Concession	£96.00

The income budgets are calculated by taking the net fees and charges and then multiplying them by the usage profile. The usage is currently assumed to be high in the first two years of operation and reducing to a steady average over years 3-5 as the operation becomes established.

Table 5 details the usage forecast over years 1 to 5. Following on from this is the Income assumptions for each income line.

**Table 5: Usage Assumptions**

USAGE	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Indoor - Soft Play	52,911	52,911	49,052	46,416	46,416
Indoor - Junior Tag	42,240	42,240	38,244	34,110	34,110
Multipurpose Room	37,350	37,350	37,350	37,350	37,350
Splash Pad	11,700	11,700	11,320	10,940	10,940
Sky Trail / Tree Nets	53,040	53,040	49,940	46,840	46,840
Golf Course	14,725	14,725	14,725	14,725	14,725
Bowls	3,600	3,600	3,600	3,600	3,600
Junior Football Pitches	1,300	1,300	1,300	1,300	1,300
<b>TOTAL</b>	<b>216,866</b>	<b>216,866</b>	<b>205,531</b>	<b>195,281</b>	<b>195,281</b>

**Income Assumptions**

**Table 1: Income Assumptions**

Activity Area	Income Projections – Mature Year					
Adventure Play – capacity 60 children	The key utilisation assumptions are detailed below. It is projected the main usage will come from pre-school children and parties during the term day times.					
		<b>Program</b>	<b>No units</b>	<b>Utilisation</b>	<b>Utilisation Yr 3</b>	<b>Utilisation Yr 4 +</b>
	<b>Adventure Play</b>	Junior	48	40%	38%	35%
	Term Time	Toddler	12	20%	18%	15%
		Parties	30	75%	73%	70%
	<b>Adventure Play</b>	Junior	48	35%	30%	30%
	Holidays	Toddler	12	20%	18%	15%
		Parties	30	45%	43%	40%
	Total adventure play usage is projected to be 52,911 in Year 1.					
Out of the usage, it is projected that 80-90% will be from local people within a 20-minute catchment, who will use the soft play and park area, to provide activity for children and meet up with friends. It is anticipated that people will visit on a regular monthly basis.						
This level of usage has been benchmarked within other comparable facilities of this nature.						

Activity Area	Income Projections – Mature Year																																																
Active Tag – capacity 60 people	<p>Usage is predominantly projected from the 10 - 17 age group with friends attending in groups, although it is believed there will be a small proportion of adult use by parents / carers and corporate events. Parties have also been programmed in. The utilisation during term and holiday times is set out below.</p> <table border="1" data-bbox="316 376 1398 1099"> <thead> <tr> <th></th> <th>Program</th> <th>No units</th> <th>Utilisation</th> <th>Utilisation Year 3</th> <th>Utilisation Year 4 +</th> </tr> </thead> <tbody> <tr> <td rowspan="4"><b>Active Tag - Term</b></td> <td>Over 8s</td> <td>60</td> <td>25%</td> <td>23%</td> <td>20%</td> </tr> <tr> <td>Adult</td> <td>60</td> <td>10%</td> <td>8%</td> <td>8%</td> </tr> <tr> <td>Parties - 15.</td> <td>15</td> <td>50%</td> <td>48%</td> <td>45%</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td rowspan="4"><b>Active Tag - Holiday</b></td> <td>Over 8s</td> <td>60</td> <td>30%</td> <td>28%</td> <td>25%</td> </tr> <tr> <td>Adult</td> <td>60</td> <td>10%</td> <td>8%</td> <td>8%</td> </tr> <tr> <td>Parties - 15.</td> <td>15</td> <td>50%</td> <td>48%</td> <td>45%</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>Total usage is averages at 37,925 over a 5-year period. It is projected that 80% of visits will be from the 30-minute drive time, with 20% of visits particularly during holidays coming from further afield.</p> <p>Due to Tag Active being a new product, only being introduced into the country in 2017, there is limited facilities to benchmark income. However, income is being generated in the region of £290k per annum on average, however it is believed with the improved local catchment of KGPF, these levels will be surpassed.</p>		Program	No units	Utilisation	Utilisation Year 3	Utilisation Year 4 +	<b>Active Tag - Term</b>	Over 8s	60	25%	23%	20%	Adult	60	10%	8%	8%	Parties - 15.	15	50%	48%	45%						<b>Active Tag - Holiday</b>	Over 8s	60	30%	28%	25%	Adult	60	10%	8%	8%	Parties - 15.	15	50%	48%	45%					
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Splash pad – capacity 50 children	<p>Usage and therefore income for the Splash pad will be very weather dependent and the pad will only be open for the spring and summer months.</p> <p>The climate has been reviewed for Essex to estimate the number of rainy days. Out of the 120 days the pad would be open, it is projects that approx. 40 of these will be 'rainy' days. Therefore, we have assumed income from the dry days only. On the hot sunny days, it is anticipated that the pad will be 100% full, but only less sunny days a lower usage. Overall, we have projected a 75% utilisation during the dry days the pad is open.</p> <p>Income is not dissimilar to that achieved at the Maldon Splash pad.</p>																																																

Activity Area	Income Projections – Mature Year																																							
Sky Trail and Nets	<p>The sky trail and nets are new products being bought into the UK. The aim is to offer a unique outdoor adventure experience for older children to complement the offer for younger children (existing play equipment and new splash pad).</p> <p>It is anticipated that the Sky Trail and Nets will be free play (unlike the Go Ape tree climbing concept) and focused at the 10-17 age range.</p> <p>Because of the unique offer, it is projected that 60% of users will come from a 30-minute drive time, and 40% will come from further afield.</p> <p>The utilisation during term and holiday times is set out below. It is assumed that whilst older children will still take park in inclement weather, usage will not be as high on rainy days as compared to dry days, therefore for across the years, it is assumed that 30% of the days will have lower usage due to poor weather.</p> <table border="1" data-bbox="316 719 1257 1361"> <thead> <tr> <th></th> <th>Programme</th> <th>Utilisation Year 1&amp;2</th> <th>Utilisation Year 3</th> <th>Utilisation Year 4 +</th> </tr> </thead> <tbody> <tr> <td rowspan="4"><b>Sky Trail - Term</b></td> <td>Adult</td> <td>20%</td> <td>18%</td> <td>15%</td> </tr> <tr> <td>Junior</td> <td>45%</td> <td>43%</td> <td>40%</td> </tr> <tr> <td>Hire</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Parties - 16</td> <td>80%</td> <td>75%</td> <td>70%</td> </tr> <tr> <td rowspan="4"><b>Sky Trail - Holiday</b></td> <td>Adult</td> <td>20%</td> <td>18%</td> <td>15%</td> </tr> <tr> <td>Junior</td> <td>55%</td> <td>53%</td> <td>50%</td> </tr> <tr> <td>Hire</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Parties - 16</td> <td>80%</td> <td>75%</td> <td>70%</td> </tr> </tbody> </table> <p>Total usage is projected at just over 49,940 a year on average.</p>		Programme	Utilisation Year 1&2	Utilisation Year 3	Utilisation Year 4 +	<b>Sky Trail - Term</b>	Adult	20%	18%	15%	Junior	45%	43%	40%	Hire				Parties - 16	80%	75%	70%	<b>Sky Trail - Holiday</b>	Adult	20%	18%	15%	Junior	55%	53%	50%	Hire				Parties - 16	80%	75%	70%
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Multipurpose room	It is planned for the multipurpose room to be used for local meetings and / or the base for local providers delivering fitness / boot camp type classes within the Playing Fields.																																							
Outdoor Sports income	<p><b>Golf income</b> is uplifted from current levels by approximately 10%, this is due to the improvements planned by soil importation to improve the course and the new pavilion providing an improved ancillary offer to users.</p> <p><b>Bowls Income</b> is projected to remain at current levels.</p> <p><b>Football pitch income</b> – is reduced to reflect junior pitch hire – as it is understood that the adult pitches will move to a different location. It is noted that the income from these pitches will not be ‘lost’, but simply not reflected within this business model.</p>																																							

Activity Area	Income Projections – Mature Year																																																																						
Secondary	<p><b>Catering</b> – it is understood that the council current gains £25k per annum for the catering concession. The fact that the operator is out of contract and has continued, suggests the contract, on this basis, is profitable for them.</p> <p>Going forward with the catering unit serving the pavilion and indoor activities, for an efficient operation, it is assumed that the same operator manages both. (This also supports party packages with activities and food combined).</p> <p>The assumptions to project the catering income are set out below:</p>																																																																						
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<p><b>Golf Club bar</b> – it is assumed that this is also managed by the main operator of the pavilion. The income projections will have to be determined further with the existing operator but are set out below.</p>																																																																							
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## Car Parks

To support visitors to the Playing Fields there are four car parks, which combined can accommodate in the region 500 vehicles. They are located in the following areas:

- Car Park A - Adjacent to the Brentwood Rugby Club House, accessed from Ingrave Road. Surfaced with capacity for 80-90 vehicles.
- Car Park B - Central car park adjacent to Café, accessed from Ingrave Road. Surfaced with capacity for 90-100 vehicles.
- Car Park C - Overflow central car park, adjacent to main car park, accessed from Ingrave Road. Unsurfaced with capacity for 300-350 vehicles.
- Car Park D - Hartswood Road car park accessed from Hartswood Road. Surfaced with capacity for around 90 vehicles.

There are three car parks available if accessing from Ingrave Road. The first car park offers all day parking for £5. The car park accessed from Hartswood Road also offers all day parking for £5. All the car parks in KGPF offer free parking for four hours, with no return within two hours.

There are no restrictions to the hours of free parking at weekends or bank holidays.

**Table 7: Car parking fees**

King Georges Playing Fields	Charging period	
	Monday to Friday – 9:00am to 6:00pm	
A (Rugby Club)	Up to 4hrs in A, B, C & D	Free
B (Golf Club)	Over 4hrs in A & D	£5.00
C (overflow)	Coaches – all day	£15.00
D (Hartswood Road)	4 hours free no return for 2 hours	

There are variations to this for sports events during the week. Lawn Bowls players are advised that parking is available free of charge in the unsurfaced overflow car park. Golfers are not charged any parking fees providing a round of golf is being played during the visit.

It is assumed that car parking charging will be introduced. There is no information on how many annual visits there are to the Park nor how many arrive my car. However, from the surveys completed the results showed:

- 56% of on-line and 50% of those attending Strawberry Fair travelled by car. 78% of those in the face to face survey travelled by car.

It is understood that some users (for example golfers and sports players may have discounted / free car parking).

Income projections have been based on 25% of all visits will pay for car parking, 60% for 1-2 hours and 40% for 2+ hours.

Car Parking Fees and Charges will be reviewed continuously and set by Policy, Resources and Economic Development Committee as part of budget setting for 2019-20. Currently the business model assumes car parking Fees will be charged as follows:

**Table 8: Indicative Car Parking Fees & Charges**

1 hour	£0.00
2 hours	£1.50
2 – 4 hours	£3.00
4 hours plus	£5.00

Using these indicative fees & charges, the proposed Income to the Council would be:

**Table 9 : Forecast Car Parking Income**

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Car Parking visits (25% of all visits)	66,050	66,050	63,991	62,204	62,204
1-2 hours	59,445	59,445	57,592	55,984	55,984
2+	79,260	79,260	76,790	74,645	74,645
<b>Parking Gross Income</b>	<b>138,706</b>	<b>138,706</b>	<b>134,382</b>	<b>130,628</b>	<b>130,628</b>
<b>Parking Net Income</b>	<b>115,588</b>	<b>115,588</b>	<b>111,985</b>	<b>108,857</b>	<b>108,857</b>

**Expenditure Projections – Staffing Structures and Costs**

The staffing budget for the pavilion and outdoor activities is projected at £330k per annum. This is on the basis that the Council remain responsible for the ground's maintenance and park warden costs as currently. The detailed assumptions are set out overleaf.

**Table 2: Staff Full Time Equivalents**

Designation	Total Salary including on-costs	FTE	Notes
Pavilion Officer / Manager	40,960	1.0	Manage and cover all opening hours of the pavilion between the two roles. Based on the rugby club locking up in the winter when training during the week.
Pavilion Duty Officer	39,713	1.13	
Soft Play		0	Based on carers supervising children directly.
Receptionists	21,760	2.48	1 member of staff on shift at all times, with 2 members of staff at peak times. It is assumed that the golf pro will manage tee times and take golf income on behalf of the managing organisation.
F&B Assistants	21,760	4.06	2 members of staff on shift at all times, with 3 members of staff at peak times.  It is assumed that receptionists and catering staff will be able to work across both functions.
Golf Bar	21,726	1.62	Assume casual players likely to use downstairs café - therefore bar open for lunches and early evenings in the summer and for society matches and events
Party hosts	21,760	0.38	
Tag Active - term	21,760	1.28	2 members of staff on shift at all times.
Tag Active - holidays	21,760	1.04	
Sky trail	21,760	0.67	It is assumed the outdoor layout can support 1 member of staff taking tickets for both areas when the splash pad is open.
Sky trail / Nets	21,760	0.77	
Splash Pad	21,760	0.43	Additional supervision is provided for the sunny days within the splash pad area.
Cleaner	21,760	0.90	Five hours a day for the pavilion.

Staff on-costs for each post have been included at:

- National Insurance – 13.8%
- Pension Contribution – 5%
- Training – 3%
- Sickness & Holiday – 6%

## Other Costs

The assumptions in relation to the expenditure are detailed in the table 11 below.

**Table 3: Expenditure Assumptions**

<b>Activity Area</b>	<b>Expenditure Projections – Mature Year</b>
<b>Cost of Sales</b>	These have been included at 48% of secondary income for both food and beverage and retail.
<b>Utility Costs</b>	Utility costs have been calculated at £10 per m2 for the pavilion. Over the first 5 years we have included inflation on utilities of 3%.
<b>NNDR</b>	A nominal sum of £10k has been included for NNDR at present.
<b>Lifecycle</b>	Lifecycle costs have been excluded at this stage.
<b>Insurance</b>	Insurance costs have been included at £10k per annum. These costs are assumed to be over and above existing costs to the council for the larger income generating areas.
<b>Repairs &amp; Maintenance</b>	Ongoing repairs and maintenance costs have been included for the pavilion and maintenance of the outdoor activity areas.
<b>Equipment</b>	A budget for sundry and catering equipment has been included.
<b>Marketing</b>	A marketing budget has been included at 1.5% of income, an additional £10k has been included in year 1 for the launch of the new centre.
<b>Central Costs &amp; Contingency</b>	Within these projections, 8% of income has been included central support and set aside for working capital repayment. It is envisaged the council could aid in supplying services regarded to central costs.

## Sensitivity Analysis

The table below illustrates the impact of any changes in income or expenditure on the net operating surplus to the Wholly Owned Company.

**Table 12: Sensitivity Analysis**

AMENDMENT TO BASE PLAN	Averaged over 5 years			
	Variance	Income	Exp	Net
Base Plan		<b>1,301,483</b>	<b>1,233,539</b>	<b>67,944</b>
Increased Income (%)	10%	1,460,822	1,276,035	184,787
Reduced Income (%)	10%	1,147,989	1,202,390	(54,401)
Increased Expenditure (%)	10%	1,301,483	1,283,163	18,320
Reduced Expenditure (%)	10%	1,301,483	1,188,443	113,040
Increased Staff Costs (%)	10%	1,301,483	1,219,884	81,599
Reduced Staff Costs (%)	10%	1,301,483	1,157,001	144,482

Taking all into consideration the Summary of the WoC Business model is set out below

**Table 13: Net Operating Profit of Wholly Owned Company**

<b>SUMMARY</b>	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>YEAR 5</b>	<b>Average</b>
<b>INCOME</b>						
Indoor - Soft Play	220,969	220,969	203,870	191,361	191,361	205,706
Indoor - Junior Tag	325,715	325,715	277,898	259,440	259,440	289,642
Multipurpose Room	26,145	37,350	37,350	37,350	37,350	35,109
Splash Pad	86,781	86,781	83,962	81,144	81,144	83,962
Sky Trail / Tree Nets	294,575	280,548	264,143	247,737	247,737	266,948
Secondary - catering	443,364	440,049	416,135	400,516	400,516	420,116
<b>TOTAL INCOME</b>	<b>1,397,550</b>	<b>1,391,412</b>	<b>1,283,358</b>	<b>1,217,548</b>	<b>1,217,548</b>	<b>1,301,483</b>
<b>EXPENDITURE</b>						
Salaries	376,997	376,997	376,997	376,997	376,997	376,997
Utilities	18,560	19,117	19,690	20,281	20,889	19,708
NNDR	10,000	10,000	10,000	10,000	10,000	10,000
Insurance	10,000	10,000	10,000	10,000	10,000	10,000
Repairs & Maintenance	17,424	34,848	34,848	34,848	34,848	31,363
Cleaning	6,000	6,000	6,000	6,000	6,000	6,000
Equipment	5,000	10,000	10,000	10,000	10,000	9,000
Other Supplies	6,988	6,957	6,417	6,088	6,088	6,507
Advertising & Marketing	30,963	20,871	19,250	18,263	18,263	21,522
Communications	6,988	6,957	6,417	6,088	6,088	6,507
Other Administration	3,770	3,770	3,770	3,770	3,770	3,770
Costs of Sales	212,815	211,224	199,745	192,248	192,248	201,656
BBC Lease payment	364,412	364,412	364,412	364,412	364,412	364,412
Central Costs	62,890	62,614	57,751	54,790	54,790	58,567
Risk / Contingency	23,966	23,751	19,970	17,666	17,666	20,604
Loan Repayment	24,948	24,948	24,948	24,948	24,948	24,948
<b>TOTAL EXPENDITURE</b>	<b>1,181,721</b>	<b>1,192,466</b>	<b>1,170,215</b>	<b>1,156,399</b>	<b>1,157,007</b>	<b>1,171,562</b>
<b>OPERATOR SURPLUS / DEFICIT</b>	<b>215,829</b>	<b>198,946</b>	<b>113,143</b>	<b>61,149</b>	<b>60,541</b>	<b>129,922</b>
<b>OVERALL SURPLUS / DEFICIT</b>	<b>215,829</b>	<b>198,946</b>	<b>113,143</b>	<b>61,149</b>	<b>60,541</b>	<b>129,922</b>
<b>Working Capital Interest</b>	<b>47,269</b>	<b>47,011</b>	<b>47,011</b>	<b>47,011</b>	<b>47,011</b>	<b>47,063</b>
<b>Surplus After Interest</b>	<b>168,560</b>	<b>151,935</b>	<b>66,132</b>	<b>14,138</b>	<b>13,530</b>	<b>82,859</b>
Corporation Tax @ 18%	30,341	27,348	11,904	2,545	2,435	14,915
<b>Net Profit</b>	<b>138,219</b>	<b>124,587</b>	<b>54,228</b>	<b>11,593</b>	<b>11,094</b>	<b>67,944</b>

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**Brentwood's Return on Investment - King Georges Playing Field**

	£	Business Case References
Current Expenditure	531,472	Appendix 3 within Appendix B
Current Income	(301,350)	Appendix 3 within Appendix B
<b>Current Running Cost to BBC</b>	<b>230,122</b>	Total for whole area including Pavilion
<b><u>Increase of Income to Council General Fund</u></b>		
Decrease in Expenditure (Saving)	-71,672	Appendix C Table 3
Car park Income	(116,000)	Appendix C Table 3 this is a rounded figures for budget purposes. Detail found within Appendix D Table 9
Increase in Borrowing Costs	398,407	Appendix C Table 3
Increase in Lease Income Wholly Owned Company	(364,412)	Appendix C Table 4
Support Cost Income from Wholly Owned Company	(79,171)	Referenced Appendix C Table 4 (Average) (Support & Contingency)
Interest at 2% on Working Capital	(23,506)	Referenced Appendix C Table 4 (Average). Half of Cost, assume Council will borrow at 2% to service the debt and charge at 4% making a 2% gain.
<b>Total Income to BBC</b>	<b>-256,354</b>	
Total Build Costs	7,173,000	Main report 7.6 detail of Build Costs.
<b>Council Return on Investment</b>	<b>3.57%</b>	Appendix C Table 4

**Wholly Owned Companies Profit Margin - Recommended Operating Model**

Total Income	(1,301,483)	Referenced Appendix D Table 13 (Average)
Total Expenditure	1,171,562	Referenced Appendix D Table 13 (Average)
<b>Operator Surplus</b>	<b>-129,921</b>	
Interest on Working Capital	47,063	Referenced Appendix D Table 13 (Average)
<b>Profit After Interest</b>	<b>(82,858)</b>	Referenced Appendix D Table 13
Corporation Tax	14,914	Assumed at current rate for 2020 18%. Appendix D Table 13 (Average)
<b>Profit After Tax</b>	<b>(67,944)</b>	
<b>Return on Profit After Tax</b>	<b>5.22%</b>	Appendix C Table 5

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