

Committee(s): Community, Environment and Enforcement Committee	Date: 19 December 2022
Subject: Football Hub – Business Case	Wards Affected: All
Report of: Tracey Lilley, Director of Communities and Health	Public
Report Author/s: Name: Kim Anderson, Corporate Manager – Community, Leisure and Health Telephone:01277 312634 E-mail: kim.anderson@brentwood.gov.uk	For Decision

Summary

The development of a Football Hub at the Brentwood Centre is one of the key priorities of the Council's Leisure Strategy which was agreed by members at the Policy, Projects and Resources Committee on 18 September 2018.

The proposal is to build 2 x Third Generation (3G) Artificial Grass Pitch (AGP) community pitches and 4 grass pitches, together with a hub building which will provide changing rooms, toilets, community space.

At the 4 March 2020 Ordinary Council, Members agreed for the inclusion of £3.5m in the Capital Programme for the development of the Football Hub as part of the budget setting process. It was agreed at the Community and Health Committee on 10 March 2020, that expenditure would only occur, subject to the full business plan and operating model being approved by a future Policy, Resource and Economic Development Committee. The Business Plan is attached as Appendix A. The plan has looked at a number of options for the development: hub location, floor plan, facility mix and operating model to ensure that the business plan is both financially viable and supports the needs of the community both now and in the future.

Recommendation(s)

Members are asked to:

- R1. Agree the recommendations in the business plan (Appendix A) including:
 - a) Option 3 preferred hub building size, 2 x 3G AGPs and 4 grass pitches as set out in Appendix 6 of the Business Plan.
 - b) Option 4 preferred operating model as set out in Pages 8 and 9 of the Business Plan.**

- R2. Subject to the agreement of the business plan and successful application for funding from the Football Foundation, agree the drawdown of the £2.8m allocation of funding to support the Football Hub Development.**

- R3 Delegate Authority to the Section 151 Officer in consultation with the Chair of Community, Environment and Enforcement to agree for officers to commence a procurement exercise to appoint, main contractor, 3G pitch contractor and Project Manager and Quantity Surveyor support for the project delivery.**

- R4 Progress the funding submission to the Football Foundation.**

Main Report

Introduction and Background

1. The Council's Play Pitch Strategy and Local Football Facilities Plan was presented to the 4 December 2018 Community, Health and Housing Committee to agree to the recommendations that was set out in these reports. Both these reports identified the need for additional 3G AGP's to be built, with the preferred site of the Brentwood Centre to develop a hub facility.

2. Members agreed for Officers to undertake a feasibility study which was undertaken in 2019. A report was brought to 10 March 2020 Community and Health Committee to agree the recommendations within it. The preferred option 4, included 5 x 11v11 grass pitches, 2 x 3G AGP's (one of which was for Brentwood Town Football Club). As part of the option the Brentwood Town Football Club stadia pitch would be moved to the north of the site to accommodate any Brentwood Centre development, and possible A12 expansion. This option also looked at a new ingress/egress from Doddinghurst Road and an 'L' shaped pavilion building.

3. One of the recommendations agreed by Members at this Committee, was to bring back a full business plan to be agreed by the Policy Resources and

Economic Development Committee. A consultant was engaged to prepare a business plan and Officers also appointed an architect to develop the plans and drawings for any planning submission. A project team including BBC Officers, Football Foundation and Essex FA representatives worked to further develop the business plan and agree the facility mix, size of pavilion, programme of use and pricing policy. The team also looked at potential operating models for the facility

4. In Brentwood there are five main clubs which have a total of 157 teams within a 3-mile radius of the Brentwood Centre. Of these teams there are 61 mini soccer teams, 80 youth teams, 14 adult teams and 2 disability teams which demonstrates the local football demand in the area.
5. Based on FA guidance 1 full size 3G AGP pitch per 38 team, this equates to demand of over 4 pitches within a 3mile radius. This is without considering competition and the sites that teams are currently using.
6. Brentwood Town Football Club are the only club that is already in situ on the site with their first team (Isthmian North) and Reserves (Essex Senior League Reserve Division) using the clubs stadia pitch.
7. The Business plan sets out the various options to the Council and what the project team agreed were the preferred options to take forward.

Issue, Options and Analysis of Options

8. The number of 3G AGP's

The demand could extend to three 3G AGP pitches, with one being the existing stadia pitch which is occupied by Brentwood Town Football Club (BTFC). Having discussed the indicative programme to deliver the facility with BTFC, the club would need to be off the site for 11 months, through the construction period, which the club felt would be highly detrimental to them. According to the club they would be unable to generate gate receipts and would have to pay to ground share elsewhere during this period. Other clubs have managed to ground share while improvement works are carried out for their facilities. The Council's head greenkeeper has been working with the club to improve their pitch facilities, which has reduced the number of cancelled games, so the initial drive to convert the stadia pitch to a 3G AGP has lessened. The proposed plan now, is to deliver 2 x 3G AGP's for community use.

9. Capital costs

The capital costs have been based on a built facility of 251m² Gross Internal Floor Area (GIFA) which will contain 4 changing rooms, officials rooms, toilets and store, together with the construction of 2 x 3 AGP pitches for community

use. The capital will also include all professional fees, contractor preliminaries and associated costs. The total project costs are estimated to be £5,546,765.

10. Design

The Council has appointed LK2 Architects to design the hub building and undertake the relevant surveys for the site. The Council has had pre-app meetings with the planning development team and is working to the latest Planning Policy guidance of Building Research Establishment Environmental Assessment Method (BREEAM) excellence for the building, to ensure a sustainable building and reduced running costs for the facility.

The inclusion of the kitchen will allow additional secondary spend income to the hub. There would be a separate planning submission made to the Council's Planning Development department subject to agreement of the business plan. As the Brentwood Centre site is owned by the Council, this planning submission would go to the relevant planning committee to be determined.

11. Business plan

Key elements were examined to inform the business plan which is set out in Appendix A.

a. Pricing policy: The Pricing Policy (which is set out on page 15 of the business plan, Appendix A) is based on partner club pricing and commercial pricing. The partner clubs and organisations have been identified by the Essex FA and consist of the following:

- Brentwood Town FC
- Brentwood Youth AFC
- Hutton FC
- Hutton Ladies
- Great Danes Youth FC
- Brentwood Community Football Alliance
- Festivals

b. These clubs and organisations will pay a reduced fee to use the facilities compared to the general hire. In return these club sign up to a 30-week season of use to provide some guaranteed income into the hub. The commercial pricing could include – wildcat sessions, walking football, private commercial coaching and small-sided football. There is also an opportunity to further develop the programme of use with the Brentwood Centre's Sports Development Officer especially around off-peak times.

c. Partner club rates as follows:

- Winter peak (6-9pm Monday – Thursdays) - £27.50
- Summer peak/Winter Off Peak - £25.00

- Summer Off peak - £22.50 - £25.00

After a soft market test with other leisure operators, it was felt that the partner club rate could be increased to £30

- d. AGP income & expenditure – The income generation from the 2x3G AGPS is set out on page 16 of the Business Plan (Appendix A). The income is based on the programme of use and prices have been benchmarked against other facilities in the area. Other income will include secondary spend and hire out of facilities for training or community use. Expenditure is based on staff costs, utilities, advertising and marketing, administration, cost of sales, central costs overheads and profit. These costs may be absorbed into a management fee by a 3rd party operator.
- e. Grass pitches income and expenditure: the four grass pitches will also generate income to the hub development of approximately £13,600 per annum and again will be a mixture of partner club use and general hire. The Council already maintains the site, so it would just require the marking out of pitches once all the ground works have been completed but expenditure is estimated to be about £11,000 per annum, and this would be met within existing budgets.
- f. Building: Any community space could be hired out to get additional income or provide a training space for a BTEC education provider. The kitchen/servery can also provide additional secondary income for food and drink.

1. Programme of use

The programme of use has been informed by the consultation with the partner clubs and the slots that they would use. The Football Foundation would normally ensure a maximum 60% Partner Club slots to ensure that there is a balance between football participation and to also make it commercially attractive to an operator. There is a risk if too much of the programme is partner club use it restricts the flexibility of the programming for the operator. The balance of the programme is still being finalised but any reduction in the commercial slots will impact on the potential income that could be achieved.

Table 1: Partner club vs commercial slots

Pitch	Details	Number
Community AGP 1	Partner club slots	40
	Total slots	48
	Percentage of Partner Club slots	83%
Community AGP 2	Partner club slots	40
	Total slots	48
	Percentage of Partner Club slots	83%
Average Partner club slots		83%

Table 2: Impact of increasing commercial slots

High level impact	Number
Total slots	96
Reduced number of partner Club slots	58
Revised Percentage of Peak slots	60%
Difference in the number of slots	38
Difference in cost	£17.50
Weeks in season (winter)	30
Additional surplus per annum	£19,950

As set out in Table 2, by reducing the partner slot to 60%, the potential impact on income would generate an additional £19,950 per annum.

As set out in 10, there are 5 main partner clubs in the borough, and it is expected that these might sign up to a 50-week programme rather than 30-week programme of use on the 3G AGPs which would create additional secondary spend and footfall.

If a BTEC education provider uses the facility, this could also generate additional income for hire of the facility and have class-based training on the site. Alternatively, the Council is also looking at whether this classroom space could also be accommodated in the Brentwood Centre.

The proposed programme of use is set out on pages 42 and 43 of the Business Case (Appendix A) but work will continue to finalise this with the operator and Essex FA.

Along with the partner club use, match play and general hire there is also an opportunity for the following sessions:

- a) **Pay and play** - turn up and play on an informal basis
- b) **Wildcat sessions** - non-competitive football for girls aged 5-11
- c) **Walking football** – small-sided game that is similar to Association Football but played at a slower walking pace for those over 50 years or experiencing health problems

- d) **Private commercial coaching**- strong demand in Brentwood and coaches will hire pitches between 4-6pm
- e) **Small sided football** 5 or 6 aside league on a Monday night and each team will pay for weekly match which will cover cost of referee, pitch hire and administration
- f) Other opportunities for additional activities through Active Brentwood and Brentwood's Health and Wellbeing Board.

2. Pricing policy

Facilities need to be accessible to key partner clubs in the area while operating sustainably for the operator. The partner clubs identified in 10a, would be affiliated to the site and are able to access the pitches across the season at a discounted rate in return for block bookings of the full 30-week season or beyond. This allows for confidence in the income generation for the operator, whilst securing a facility for the club and football participation across the area. The prices set out in Table 3 are for a ¼ pitch hire.

Table 3: Pricing policy

User – Winter	Peak	Off Peak
Partner Clubs	£27.50	£25.00
General Hire	£45.00	£35.00
Pay and Play Sessions	N/A	£4.00
Wildcat Sessions	N/A	£4.00
Walking Football	N/A	£5.00
User – Summer	Peak	Off Peak
Partner Clubs	£25.00	£22.50
General Hire	£45.00	£35.00
Pay and Play Sessions	N/A	£4.00
Wildcat Sessions	N/A	£4.00
Walking Football	N/A	£5.00

3. Facility mix

Various options have been considered as part of the development of the Football Hub and its viability which is set out on page 33 of the Business Plan (Appendix A). The preferred option is 3 based on capital costs, repayment of loan and predicted funding from the Football Foundation. The proposed site layout (as set out in Appendix 8, page 37 of the business Plan) which sets out:

- a) AGP's are oriented away from the ball strike/retrieval issues
- b) AGP 1 and 2 are served by central concourse aligned by pitch exit doors, minimising travelling distances
- c) The building acts as a barrier between the Community AGP's and existing Brentwood Town facilities Stadia to prevent disturbance of the NLS matches (ground grading criteria)

- d) Building will be located close to the two AGP pitches to maximise changing room use and secondary spend opportunities

4. Other sport use

There is also opportunity for other sports to use the facility for training, which might include Rugby Union and League, and this is currently being explored.

5. Design and build

There have been several meetings between the Football Foundation, Essex FA and the Council to look at the building layout, to include flexible community space, small café, changing and official rooms and toilet facilities. How we can maximise space and reduce waste, but retain the viability

Officers from the Council and the architects have had a couple of pre-app planning meetings with Planning Development department to look at the site plan, the building layout and design to get feedback before any planning permission is submitted for consideration.

As the Council has adopted a new Local Development Plan, and as such any new developments should meet BREEAM of excellent. This will also look at Ground source heat pumps and PVs for the roof to reduce ongoing utility costs.

There will be a separate planning submission to obtain planning approval and as this facility is on Council land it will need to be considered at the Council's Planning Committee, which will be a minimum 12-week process from validation.

6. Capital costs

The capital costs for the proposed development are set out in the financial implications and also on page 31 of the Business Plan (Appendix A).

The Council is making a funding application to the Football Hub for match funding to deliver the project. This likely to be submitted in April 2023 as part of the requirements for Funding is that planning permission has been approved and an operator is in place.

The investment priorities that the Football Foundation want to see in the facility are providing opportunities for:

- a) Lower socio-economic groups
- b) Women and girls
- c) Disabled people and people with long term health conditions
- d) Ethnically diverse communities

7. General assumptions

The General assumptions are based on the operational business plans

- a) Income and expenditure based on the facility mix identified in the designs

- b) Capital costs as set out in page 30 of the Business Plan (Appendix A)
- c) Facility operated by a charitable vehicle
- d) Facility would be open in Autumn/Winter 2024

8. Economic assumptions

- a. The building has a total Gross internal floor areas (GIFA) of 251m².
- b. The Council has opted to tax the land so any pricing will need to factor in VAT.
- c. The National Non-Domestic Rates (NNDR) calculation based on an estimated rateable value and assumed any charitable vehicle that would be operating the facilities would get 80% mandatory business rate relief.
- d. Pricing has been based on consultation with Essex FA and the Football Foundation and a soft marketing exercise with other leisure operators.
- e. Peak periods are 6-9pm Monday to Thursday
- f. The indicative programme of use has been developed based on local knowledge from the Essex FA, the Football Foundation and FMG.
- g. Secondary income is based on £1 per visit
- h. Cost of sales for secondary spend included at 45% in line with industry standards for a hub site.

9. Procurement options

As part of the funding requirements with the Football Foundation an operator needs to be in place to manage the facility as part of any funding application. The programme for delivery means that the facility is not due to be open until fourth quarter 2024. From an operator's perspective they will not be able to generate any income from appointment until that date.

There is also an incumbent operator on the site managing the Brentwood Centre (SLM) and their contract is due to end on 30 September 2023.

The Council is proposing to extend the contract with SLM for the Brentwood Centre and King George's Playing Fields until 31 March 2025, as it is also exploring options around a larger procurement exercise including all the leisure facilities in Brentwood and Rochford District Council, for one operator to manage them from 1 April 2025.

Therefore, taking legal advice on appointment of an operator for the Football Hub, and ensuring that we undertake a compliant procurement route, the Council believes a concession contract including Brentwood Centre, King George's Playing Fields and the Football Hub is the most suitable vehicle.

It is thought that there would be little appetite for another operator, apart from the incumbent one to bid for the Football Hub on such a short term for operating it directly from October/Nov 2024 until 31 March 2025, and there is no certainty that SLM would be the operator beyond March 2025. The requirement of the

Football Foundation is that an operator should be in place prior to any funding submission, so that they can provide input into the designs from an operator's perspective.

10. Management Options

The management options that have been considered are as follows:

- a) In House
- b) Vesting the facility to National Football Trust
- c) Creation of new Leisure Trust
- d) Wholly Own Company or Third-Party Operator.

More detail of these options is set out in the business plan (Appendix A) on page 26 and the preferred option due to the relevant timescales is to appoint the incumbent operator for the Brentwood Centre and King George's Playing Fields under a concession contract.

Reasons for Recommendation

11. The Play Pitch Strategy in 2018 identified a clear need for both grass pitches and 3G AGPs to be added within the Borough and the A12 Corridor in particular.
12. The Local Football Facility Plan in 2020 which was to highlight where investment in football facilities would need to be accurately targeted. The purpose of plan is to identify the priority projects for potential investment in Brentwood. There is also a need to take into account that 3G AGPs are meeting recreational demand from high levels of non-traditional football participation at the Brentwood Centre.
13. The Council's Leisure Strategy 2020-25 identifies the development of a football hub at the Brentwood Centre site as one of the key priorities of the Strategy.

Consultation

14. A soft market test was undertaken in February 2022 with eight national leisure operators to get feedback from the Hub development proposals. It asked whether they would be interested in operating the facility, the preferred contract length and whether they would propose any specific changes, other additions or identify additional commercial opportunities. This would help inform the procurement process for an operator.
15. Consultation with the local football clubs has been undertaken so that they provide input into the programme of use and around the pricing policy and signing up. programme of use for those.

References to Corporate Plan

16. The project supports the Developing Communities strand of the Corporate Strategy – Brentwood 2025, by investing in community facilities to support a growing population. The Football Hub provides an enhancement and development of new sustainable leisure facilities. The hub facility will also aid increasing participation in sport and physical activity by making it accessible for all. The facility will also promote the use of green space to promote health and wellbeing.

Implications

Financial Implications

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Table 4: Capital expenditure for the preferred option (3)

Capital expenditure	Costs
Construction of 2 x 3G AGPs	£2,400,000 (est. by FF)
Construction of Hub building based on floor area of 251m ² and external works	£2,071,553
Contractor preliminaries and OH & P	£362,522
Inflation in tender price	£194,726
Professional fees (QS, PM and architect fees)	£262,880
Loose furniture and equipment	£10,000
Risk/Contingency (based on 3% of overall cost of project)	£145,084
4 grass pitches	£100,000
Total project costs	5,546,765

Capital programme	£
Project Cost	5,546,765
50% Contribution from Football Foundation	(2,773,383)
Total	2,773,383

17. The costs to borrow are based on the Council's contribution to the project of £2,773,383 and the expected payback which are set out in the table below based on a 40-year term at the following rates. The Council has set out a range of interest rates which would need to be fixed at the time of borrowing subject to agreement of the business plan.

Table 5: Preferred Option 3 - Costs to borrow

	Option 3 – average annual financing costs
Interest 4%	110,935
MRP	69,335
Total	180,270

Table 6: Projected Income

Income	Year1	Year 2	Year 3	Year 4	Year 5
Management fee from SLM	69,000	138,000	140,760	143,570	146,440
50% profit share*	26,000	53,040	54,100	55,180	56,290
Grass pitch hire	6,800	13,870	14,150	14,430	14,720
Total income	101,800	204,910	209,010	213,180	217,450

*Subject to negotiation.

** Will be up for renegotiation with wider procurement

18. SLM will pay the council to manage the Football hub, they will incur all costs apart from utilities. Any profit will be split 50/50.
19. The outdoor pitch income will include protected usage slots, ad hoc bookings, weekend matches and commercial small, sided bookings.
20. The predicted expenditure is based on a third-party operator, so staffing, back office central costs and overheads will be part of any management fee to manage the facilities.

Table 7: Projected Expenditure

Expenditure	Year 1	Year 2	Year 3	Year 4	Year 5
Utilities fees	10,000	20,000	20,400	20,800	21,210
Grass pitch maintenance	5,500	11,220	11,440	11,670	11,900
Total expenditure	15,500	31,220	31,840	32,470	33,110

*Subject to negotiation.

Table 8: Net operating position

Net operating position	Year 1	Year 2	Year 3	Year 4	Year 5
Total Income	101,800	204,910	209,010	213,180	217,450
Operating expenditure	15,500	31,220	31,840	32,470	33,110
Gross profit	86,300	173,690	177,170	180,710	184,340
Interest costs	110,935	110,935	110,935	110,935	110,935
Net profit/(loss)	(24,635)	62,755	66,235	69,775	73,405
MRP	69,335	69,335	69,335	69,335	69,335
Impact to General Fund profit/(loss)	(93,970)	(6,580)	(3,100)	440	4,070

21. The council has spent £186,000 on feasibility studies, architects & QS fees and a several surveys such as topographical, utilities, noise and ecological survey.
22. The Council has opted to tax the site, so any fees and charges will need to include VAT.
23. The Council is submitting a formal funding bid to the Football Foundation in April 2023.
24. There are options to increase the partner club rate. Options to increase income would be to increase the Partner Club rate from:
 - a) Winter peak - £27.50 to £30
 - b) Summer peak/winter off peak - £26
 - c) Summer off peak £22.50 - £25.00
25. This would provide additional income and the Council believes that this would still be affordable for the clubs.
26. The impact to the General Fund will need to be built into the Council's MTFS and capital and investment strategy. Additional borrowing will need to be built within the Council's borrowing limits.
27. This is deemed a social project rather than an investment project, as the projected return paybacks over the expected asset life of 40 years.
28. Figures quoted are subject to negotiating funding with the Football Foundation. As well assumptions around the operator's figures. Highlighting there is still financial risk within this project. However, further changes are assumptions or negotiations will be reported back to future committees.

Legal Implications

Andrew Hunkin, Interim Director of People and Governance

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29. The recommendations set out in 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.
30. The Council has sought legal advice for the compliant procurement of an operator. Due to the limitations of a new contract for the Football Hub and ability to generate income from Q4 2024 until the end of March 2025 when the Council will seek one operator to manage its facilities, it is felt that a concession contract is the most sensible solution as there would be little appetite for another leisure operator to take on such a short-term contract.
31. An Invitation to Tender will go out in 2024 for the longer-term contract to start on 1 April 2025.
32. As set out at page 10 of the business plan (Appendix A), the Council can use an existing compliant procurement framework, with a mini-tender exercise to award the contract for the main contractor for the hub building.
33. The Procurement for the 3G AGPs will be through the Football Foundation's own compliant framework. Any contracts will be reviewed, and the relevant legal support will be utilised.

Economic Implications

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34. Subject to the outcome of the planning process, this project could better utilise the site for sports provision, including the upgrade and redevelopment of existing land and facilities. This would have wider local economic benefits through job creation during the construction phase and beyond when the facility is operational.

Equality and Diversity Implications

Name/Title: Kim Anderson, Corporate Manager (Communities, Leisure & Health)

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35. The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:
- a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful.
 - b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - c) Foster good relations between people who share a protected characteristic and those who do not, including tackling prejudice and promoting understanding.
36. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).
37. The proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic and provide fully accessible facilities for all residents to use.

Health and Wellbeing Implications:

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38. The proposed Football Hub will provide fully accessible facilities that can provide opportunities to increase participation in sport and improve the health and wellbeing within the borough for the residents.

Background Papers

- Play Pitch Strategy
- Local Football Facilities Plan for Brentwood
- Leisure Strategy 2018-28
- Football Feasibility Report

Appendices to this report

- Appendix A: Football Hub Business Plan