

Appendix 3.a. – Management & Development of Leisure Centres

Financial Business Plan - Rossmore and Two Riversmeet STP's

Core Assumptions

- 1) Basis of costs from site specific Feasibility Report undertaken via the Football Foundation framework and specialist consultant. Capital outlay includes allowance for planning, legal and lease restrictions fees as well as overall project contingency of £109k. Capital works will be undertaken by a Football Foundation approved contractor, using a Design & Build framework. Costs include £110k carpet replacement at Two Rivers Meet (2RM) centre. This investment is required as the existing pitch has reached life expiry. It will safeguard income generated from 2RM, estimated to be between £80k and £100k per annum.
- 2) Assumptions for additional income projections are solely focussed on new income from Rossmore site. They are cautious estimates that are based upon similar local facilities e.g. DCFA, Football Foundation experience (£75k-£90kpa) and draft usage plan. The Academy will not be paying directly for use of the pitch but will ensure it is clean before it transfers to the Leisure Centres use. The AGP will form part of the Joint Use Agreement between the Academy & BCP. Additional income generated from the Rossmore site will be received by BCP (and not form part of the overall SLM open-book based contract). No allowance is made from other potential income increases (e.g. catering and increased gym membership). Income assumed to increase by 2% for inflation each year only. No allowance is made within the model for income forgone during carpet replacement at 2RM, which are estimated to be completed over 2 weeks over winter (when pitch hire is not at its peak), and therefore not material for financial modelling
- 3) Additional operational expenses including site management, insurance, general maintenance, cyclical site inspections, annual rubber crumb top-up, and utilities have been allowed for within financial modelling - with annual spend increasing by 2% inflation per annum
- 4) The Rossmore STP will have an estimated useful economic life of 20 years. The Football Foundation require a £25k/yr provision to be made for carpet replacements, which is anticipated every 10 years. It may be possible to extend the life of the surface beyond this depending on the type of use and maintenance programme. The fencing and LED lights are predicted to last 20 yrs and at the end of its useful life a new business case may be required for the replacement of these assets.
- 5) This project is determined to be an infrastructure / regeneration project. PWLB borrowing is therefore permissible under HM Treasury guidelines. The Council's low rate Invest to Save rate of 3% has been applied to £727k of new borrowing required, to be repaid over 20 years (the estimated useful economic life of the asset). Risk premium (the difference between low risk Invest to Save Framework rate of 3% and PWLB borrowing rate of 2.13% (as at 2 March 2021) is £77k over the borrowing period. There is some capacity to increase the level of additional borrowing required, in the event of costs exceeding estimates and / or external grant not being secured at levels assumed. Separate approval will be sought for this in the event it is required. Construction works will not commence until all funding required is secured.
- 6) Football Foundation grant funding of £425k - BCP and DCFA have been working together on the proposed project for 18 months. BCP is a priority area for the FF and DCFA, BCP & FF have a good partnership relationship which has been strengthening as the project progresses. The FF framework is being followed to ensure a positive outcome at award stage. The FF normally award at 40-50% of the build costs. FF funding will be supported by a legal funding agreement. Additionally BCP is working in partnership with the Academy to seek further external funding opportunities (e.g. Talbot Village Trust). £50k assumed for this.
- 7) Ownership of the asset will remain with BCP, with use by the Academy during the day, and community use at all other times. Operational running of the pitch will be delivered by leisure operator
- 8) Timeline - open for Autumn 2022

Capital Investment	£
Site clearance, Excavation & groundworks	60,000
Contract Prelims	39,000
Drainage	24,000
Pitch Foundation & Base	199,000
Artificial Grass Surface	147,000
Perimeter Fencing	61,000
Sports Equipment & Furniture	24,000
Floodlighting (LED)	73,000
Hard Standing Areas	20,000
Reinstatement	7,000
Maintenance Equipment	15,000
Contractors Other Items	96,000
PCSA Fee	10,000
Contingency (5%)	38,750
FMC AGP Fees (RIBA Stages 3 to 7 inclusive)	15,935
STC Fees	5,000
Legals (AGP)	3,000
Car park and cycle storage	115,000
Two Rivers Meet (2RM) replacement carpet	110,000
Professional fees (Project Management BCP)	30,000
Contingency @ 10% BCP	109,269
Capital Outlay	1,201,954

Key Financials - over 20 years	DO NOT AMEND - CELLS AUTO-POPULATE
	£k
Capital Outlay	1,202.0
Financial Viability	£k
Additional pitch hire income over 20 years	(2,107.8)
Net operational expenses over 20 years	385.2
Pitch replacement @ year 10	512.5
Borrowing Requirement (repaid over asset useful life)	727.0
Interest cost of borrowing (@ 3% over 20 years)	250.3
Net 20 year surplus	(232.8)
Projected Cashflow Summary	£k
Net surplus over 3 year MTFP (2021/22 to 2023/24)	(22.6)
Net surplus years 4 - 10 (2024/25 to 2031/32)	(15.4)
Net surplus to BCP for years 11 - 20 (2033/34 to 2042/43)	(194.8)
Net 20 year surplus - including Risk Premium	(232.8)
Risk Premium (difference between Invest to Save rate 3% and PWLB)	76.9
Net 20 year surplus - without Risk Premium	(309.7)

Capital Funding	£
Football Foundation Grant	425,000
Other external funding	50,000
BCP Prudential borrowing	726,954
Capital Funding	1,201,954