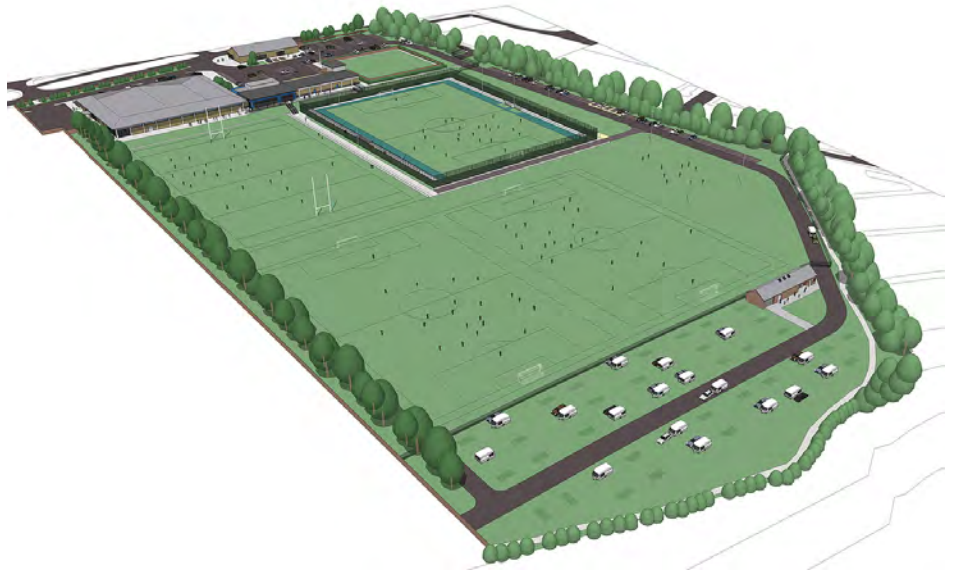


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PRIVATE & CONFIDENTIAL



OUTLINE BUSINESS CASE

New Community Sports and Social Facilities

May 2016





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1. INTRODUCTION

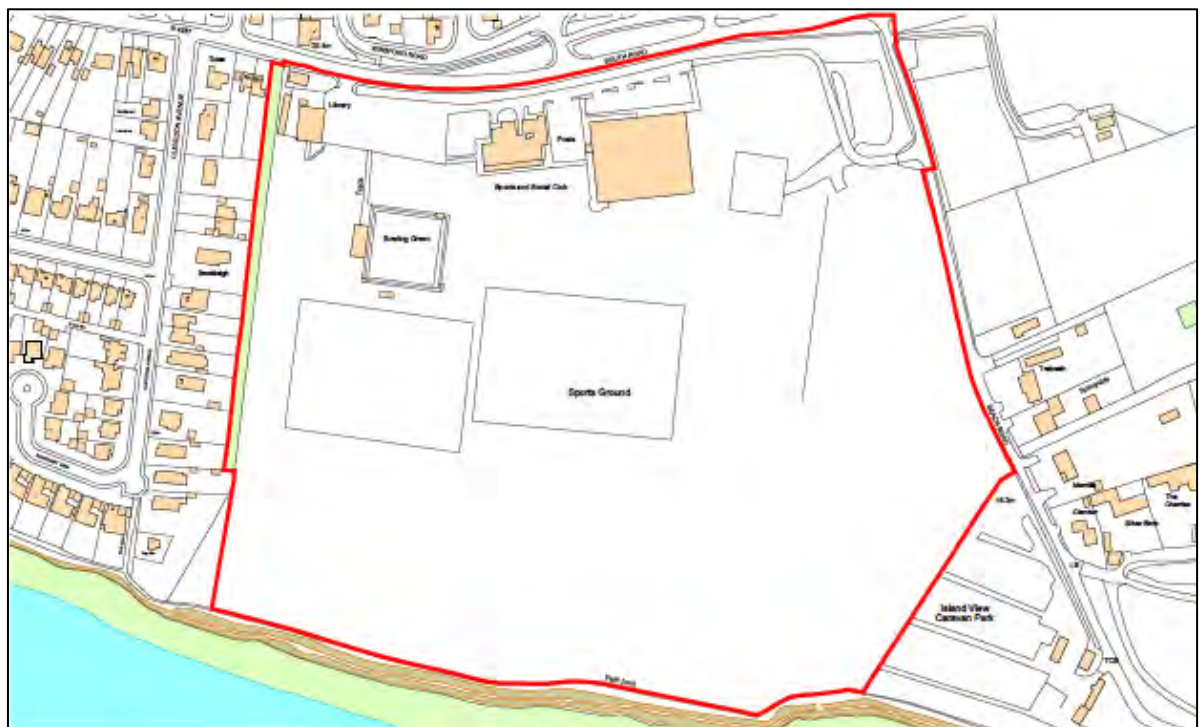
- 1.1 This Outline Business Case has been prepared to accompany the full planning application submitted by Sully Sports and Social Club in conjunction with St Modwen to the Vale of Glamorgan District Council.
- 1.2 The proposed development is for enhanced leisure facilities for the Sully community. The redevelopment will offer modern and accessible sport and social facilities that are essential for the future sustainability and long-term viability of Sully Sports & Social Club. The application also proposes the delivery of up to 200 residential dwellings on part of the site.
- 1.3 The residential element of the planning application for the site is to facilitate the funding for the proposed new community sport and leisure facilities i.e. 'enabling' development. Having reviewed a variety of other avenues it has been concluded that there is no prospect of the capital required to deliver the facilities that the Club needs to be generated by any other means.
- 1.4 The Outline Business Case is structured to provide an overview of the background, process and development planning that has been undertaken to arrive at the scheme proposals. The main focus of the Outline Business Case is to set out how the facilities will be sustainable for the long-term, and how they will cement the future of the Club. The need to provide a facility that is economically viable and sustainable for the Club to use, manage and maintain is the core purpose and objective of the redevelopment proposals.
- 1.5 This document should be read in conjunction with other technical reports and supporting documents accompanying the application, which collectively provide a clear case to support the development proposals.
- 1.6 If granted planning permission, the development will secure the long-term future of a long established and important sporting club for the Vale of Glamorgan. The facilities themselves will contribute to helping the local area maintain and improve its sport participation levels and, importantly, its supply, quality and availability of sporting facilities. It will also support continued community cohesion and offer an important social outlet for residents and visitors. This will be done through a structured, sustainable and high quality approach to sport and leisure facility provision and sports development, which this Outline Business Case will demonstrate.

2. BACKGROUND & OVERVIEW

Sully Sports & Social Club, South Road, Sully.

- 2.1 Sully Sports and Social Club (SSSC) is located on South Road, Sully. The site measures approximately 14.92 hectares
- 2.2 The site is laid out with a mixture of sports pitches and pavilions that accommodate changing and social facilities, along with an indoor bowls arena.
- 2.3 The land has split ownership with the freehold partly owned by SSSC and partly owned by St Modwen, which is leased to SSSC.

Figure 1 – Site plan of Sully Sports & Social Club



- 2.4 SSSC started its existence as the Barry Plastics Sports & Social Club in 1950 and originally operated from premises in Market Street, Barry, offering social and sporting activities to employees of British Resin Products Ltd.

- 2.5 The site was acquired in 1952 by Barry Plastics Ltd and at that time an agricultural tie only permitted part of the site to be used for sporting activities for a ten year period. After this, in 1962, plans were drawn up and approved for a pavilion, which was subsequently built and opened for the social club. There was rapid growth of the sporting clubs, which resulted in the provision of pitches, courts and greens on the site as well as a range of indoor clubs and activities.
- 2.6 SSSC received Lottery funding in 1997, which facilitated the construction of an indoor bowls arena.
- 2.7 In 2008, St Modwen acquired the freehold of part of the site as part of a wider Barry Plastics land portfolio acquisition.
- 2.8 Sully Sports and Social Club has continued to operate from the premises, and has sporting and leisure sections as follows:
- Sully Bowls Club
 - Sully Football Club (men's, women and junior)
 - Sully Rugby Club
 - Social/leisure clubs including skittles, darts and radio club
- 2.9 Membership numbers remain high, with approximately 2000 members across all sections, however over the past six years the trading position of SSSC has declined, operating financially at a deficit each year, with the trading position becoming increasingly worse, and the organisation now relies on its accrued reserves to underwrite this operating deficit each year. The reserves are reducing at an increasing pace.
- 2.10 As a consequence, there is a real threat that SSSC will be unable to survive for the long-term if action is not taken to permanently remedy the current trading position and provide a long-term and sustainable solution.
- 2.11 It is evident that efforts have been made to reduce costs however the facility now operates at a bare minimum staffing structure and has limited means to generate new income streams or to improve existing ones. Although the Club has assets (land and buildings) there is limited cash in reserve. This has been used to underwrite the operating deficit year on year, and is reducing annually. At current levels, SSSC is unlikely to survive much beyond the next year. SSSC has gone from a position of generating profits each year and building up a reserve, to having to utilise its reserves to underwrite operating losses. This is clearly unsustainable.
- 2.12 Membership levels remain high and participation in the sports clubs and activities is also good and in the case of the football club continues to grow. However, the facilities are clearly not sustainable through sport activity alone, and the large area of land occupied by the Club is not being used to the best economical advantage. Although there is plenty of space to mark out and rotate pitches to allow for resting, the club does not actually need the amount of pitch space it currently has available. What it needs are facilities that are of good quality and are available for use all year round.

- 2.13 Options to rationalise the existing facilities have been explored by SSSC's committee over the past six years when the Club's trading position became more challenging. Ways in which facility improvements might be delivered have been investigated with various projects explored. This has included refurbishment of the existing pavilion and options to convert part of the existing facilities for other uses, for example a gym. None were considered deliverable, in the main capital funding being the main barrier. The only viable solution that has been identified is to release value through redevelopment of part of the site and to put the land to alternative use, through which capital needed to improve the facilities can be generated. At the same time this would facilitate re-provision of the sports and social facilities in a more efficient configuration, simultaneously bringing them up to modern standards and, most importantly, creating new income opportunities.
- 2.14 SSSC have explored examples where other Clubs have undertaken similar exercises, and released value from its assets to re-invest in new facilities via enabling development.
- 2.15 This outline business case document will set out and explain the facility changes proposed and their justification.

Existing facilities

- 2.16 Although the facilities are used heavily at Sully Sports & Social Club, their condition and suitability is restricting the on-going development of the sporting clubs and, importantly, limits the opportunities for wider use by other groups and clubs.
- 2.17 In particular, the fabric and condition of the pavilion building is of particular concern, both from a health and safety perspective and in its ability to support the demands of mixed age and male and female sport. It is also very limited in its ability to maximise opportunities for wider community and corporate use, and many of the facilities are not accessible to disabled users.
- 2.18 The facilities are laid out with the following and as shown overleaf in Figure 2:
- Indoor bowls arena with bar, function room, changing and office facilities
 - Outdoor bowls green and pavilion
 - Grass rugby pitches
 - Grass football pitches
 - Clubhouse with changing and bar/social facilities
 - Training area
 - Car-parking

2.19 As can be clearly seen in Figure 2, the facilities are laid out quite widely across the site, with significant distances between pitches and from the clubhouses. There is also a lot of redundant space and as a consequence is a very inefficient layout.

2.20 Figures 3,4 and 5 illustrate the current facilities further.

Figure 2 – existing arrangement of facilities

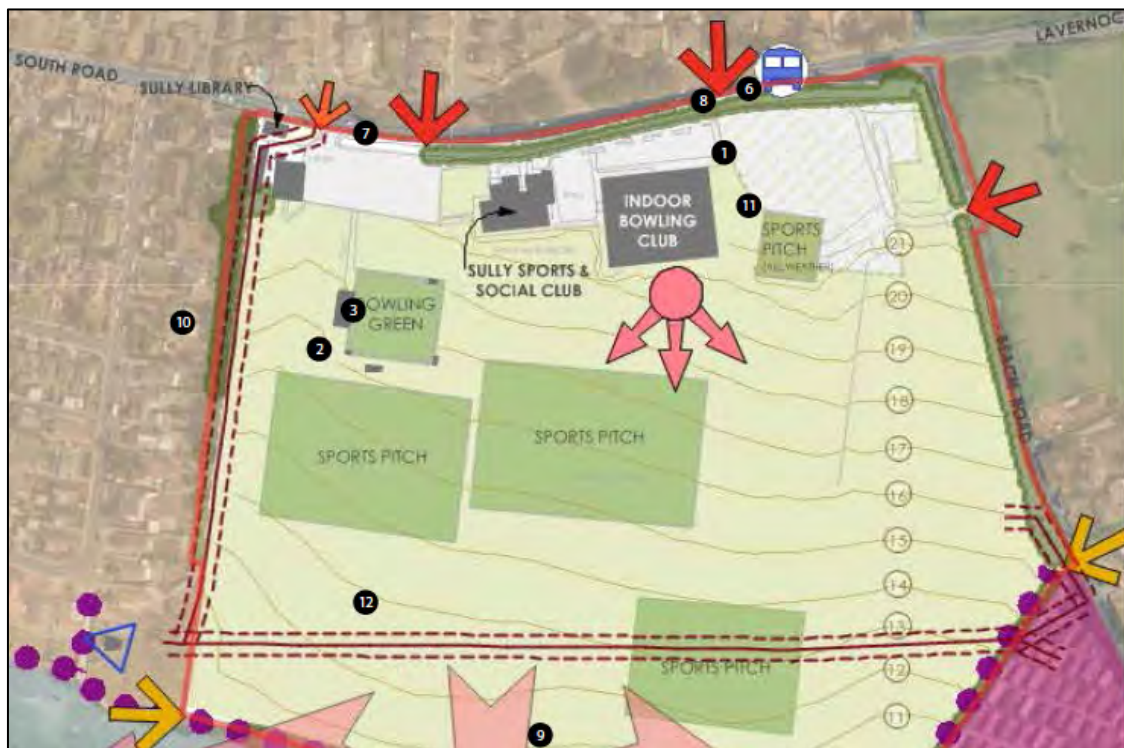


Figure 3 – Road facing view of social club



Figure 4 – Rear view of social club



Figure 5 – View of outdoor bowls pavilion



2.21 As the images demonstrate, the facilities are becoming tired and lacking in appeal. Aside from obvious cosmetic issues, there are some far more fundamental issues posed by the facilities as follows which, if the facilities were to remain operational in their current form, would require investment.

Key issues facing SSSC include:

- There is no access for wheelchairs to the outdoor bowls club and access to the main pavilion and indoor bowls is limited
- The natural turf pitches suffer from poor drainage
- Water tank is in desperate need of replacement
- The indoor bowls arena has no heating
- Changing facilities do not comply with safeguarding children recommendations and are not suitable for male and female use
- Electrical installation is in need of upgrading
- The pavilion heating system is in need of upgrading
- Windows require replacement
- Roof to pavilion is beyond repair and in need of replacement within the next two to three years
- Indoor bowls arena roof will require repair or replacement in next three to five years

Some of these issues are illustrated in the photographs overleaf.

Figure 6 – Damaged masonry and roof to main pavilion



Figure 7 – Damaged roof to indoor bowls arena



2.22 Cost estimates for works required to undertake these repairs are as follows:

Figure 8 – Essential maintenance capital costs

Item	Estimated cost	Impact of no action
Heating upgrade	£150,000	High energy bills Inadequate system Unacceptable environment Safety issues
Electrical upgrade	£40,000	Inefficient system
Water tank replacement	£40,000 - £50,000	Major health and safety issue
Roof repairs and replacements	£150,000	Lost energy Health and safety issues
Pitch drainage	£80,000 - £100,000	Lost matches, poor quality pitches
Ramps to improve disability access	£25,000	No access for wheelchairs to parts of the facilities
Improvements for wheelchair access to changing rooms	-	Not possible with current facility
Total	Up to £515,000	

2.23 Although it might be possible for SSSC to secure some grant funding towards making some of these improvements, the improvements alone would not result in any major change to SSSC's operating position. These would merely be considered a sticking plaster to the problem, not a cure. This is explored in further detail in Section 3.

3. NEED FOR REDEVELOPMENT

- 3.1 As reported in Section 2, SSSC is an established sport and social club with a range of facilities and opportunities for its community.
- 3.2 However, the facilities are ageing and are becoming more and more expensive to maintain, as highlighted in Section 2. In conjunction with this, modern standards require better facilities and, for the facility to remain a place where people want to be, it needs to be more attractive and accessible.
- 3.3 Improvements to the facilities carry a significant capital cost, and with the remaining and limited financial reserves needed to underwrite a negative operating position, the ability to fund and deliver any significant benefits are extremely limited and are considered to be, in the main, out of the Club's reach.
- 3.4 Recognising its deteriorating financial position, the officers of SSSC have considered options available to improve this position, and explored in detail the potential opportunities that might facilitate a sustainable future.
- 3.5 This process has been undertaken through the following tasks:
 - a) A review of the current and future facility needs (sporting and social) for the members of SSSC
 - b) Financial performance review of SSSC
 - c) Market opportunities review in respect of sport and leisure facilities for the local area

a) Sport and social needs - SSSC

- 3.6 SSSC has grown considerably over the years to become a large club encompassing many sports and members across a range of ages. It has promoted sport in the community for men and women, boys and girls for many years.
- 3.7 Although take up in sporting activity is still good, there has been a decline in the main source of income (bar revenue) across the site. As a consequence, the lack of revenue has impacted the maintenance and upkeep of the facilities, and has reached a critical point where playing surfaces and facilities will soon be unfit for purpose. Opportunities to improve revenue through increased membership charges have been implemented however maintaining a balance of keeping the facilities affordable is important so that they remain accessible and used.
- 3.8 All the sporting sections of SSSC have been consulted with individually and collectively over the years to provide suggestions for improving the financial position.
- 3.9 An overview of each section is provided in Figure 9 overleaf.

Figure 9 – Overview of SSSC Sections

Sully Football Club	Overview	Key issues/consideration
Sully Football Club	350 members 2 x men's teams 1 x ladies team 8 x junior/youth teams 10 x mini teams 3 x girls teams	<ul style="list-style-type: none"> Pitch condition. Lack of drainage and close season maintenance often renders pitches unplayable for many weeks during the winter. Number of pitches ok, just quality is the issue. Changing facilities inappropriate for male and female usage and do not meet safeguarding children guidelines Lack of training facilities Growing demand, insufficient capacity Income generated through bar revenues not sufficient to underwrite facility running costs
Sully Rugby Club	60 members 2 x men's teams	<ul style="list-style-type: none"> Membership is static as Club loses players to Barry RFC Improved facilities and capacity offers scope to improve membership and establish mini rugby Pitch quality restricts future development Income generated through bar revenues not sufficient to underwrite facility running costs
Sully Indoor Bowls	1150 members	<ul style="list-style-type: none"> Challenging to attract new members Future repairs for the indoor arena roof and having funds to do this are a concern
Sully Outdoor Bowls	90 members	<ul style="list-style-type: none"> Declining membership but is an important outlet for activity, particularly among an older age group Green maintenance costs threaten the viability for members
Sully Social	350 members Includes skittles, pool and darts players	<ul style="list-style-type: none"> Decline in leagues for pool and darts has reduced income streams Potential income reduced as all former Barry Plastics employees are entitled to life membership Social club income vital to subsidise facility running costs but poor quality of facilities is impacting the level of use
Total	2000 members	

3.10 In discussion with Club members and SSSC committee representatives, a SWOT analysis was carried out to identify the key issues and opportunities. The summary findings are presented overleaf in Figure 10.

Figure 10 – SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> Established users and members Good location Ownership (acknowledging St Modwen landholding) Surplus land for redevelopment 	<ul style="list-style-type: none"> Declining bowls membership and this is a real threat to maintaining current income levels Ageing facilities with high maintenance costs Large area to maintain with 'dead' spaces Insufficient income streams to cover running costs Facilities are constraining sporting clubs use, particularly football Poor quality facilities are off-putting and don't encourage people to stay
Opportunities	Threats
<ul style="list-style-type: none"> Rationalisation of existing facilities to consolidate operations and create new income streams to improve operating position Release asset value from the land to invest in new and replacement facilities New/improved facilities generate higher use and increased income 	<ul style="list-style-type: none"> Income continues to decline Facility will fail to survive financially Club will fold – this is likely to happen in the next two years If planning permission for rationalisation unsuccessful there are no other feasible options for survival

3.11 As the review and SWOT analysis identified, SSSC and its member clubs are largely comfortable with the quantum of facilities it has. It is evident that quality presents a major issue and is a major contributor to the current situation. From a sporting perspective the football club would benefit greatly for having a quality facility that could accommodate matches and training, i.e. an all weather pitch.

3.12 The priorities for the future for SSSC were identified as follows:

1. Protection of existing income stream from bar revenues, and opportunities for growth
2. Generation of surplus income to allow funds for essential on-going maintenance and future repairs
3. Improvements to pitch quality and condition for matches and training to sustain existing levels of play and enable growth
4. Improvements to facilitate disabled access to all parts of the facility

3.13 It is evident that the majority of issues are not about shortage of facilities in respect of the sporting sections. It is about quality and sustainability.

3.14 This is further supported by a review of Outdoor Sports Facility provision that serves this catchment. Vale of Glamorgan Council undertook a review of all Public Open Space and published the findings in its LDP Open Space Review 2013.

3.15 This review assessed all types of Public Open Space, and included Outdoor Sports Facilities. The review considers standards that should be applied in respect of quantity and quality of the different typologies of Public Open Space to serve the administrative area.

3.16 For the typology of Outdoor Open Space the Fields in Trust Standards of 1.6ha per 1,000 population was recommended.

3.17 Sully, with a population of 4,543 was identified as having a total supply of 19.44 hectares of Outdoor Sports Facilities. This equates to a supply of 4.28 ha per 1,000 population, which is more than double the recommended standard.

3.18 As such, it is evident that the amount of available space that might be used for sport is far in excess of what is required to serve Sully. Therefore, a reduction in the actual amount of space used for pitches and courts would not have a negative impact on the quantity of Outdoor Sports Facilities that serve this community.

3.19 However, although quantity is not an issue in Sully, quality and accessibility are of major concern. A map extracted from the Council's 2013 Open Space Review illustrates the distribution of Outdoor Sports Facilities across the Vale. This is provided overleaf in Figure 11. It is clear to see from this that the facilities at Sully are strategically very important. If these were taken away from the supply (ie, if SSSC ceased to operate) there would be very little provision to serve this community. Residents would need to travel to Barry and Penarth to access many of the sports facilities they currently can benefit from far more easily.

3.20 Facilities in the wards to the west and to the north east of Sully do not experience the same high levels of provision however and are already seriously constrained. They would not be able to support further use from people travelling from Sully. In particular, neighbouring wards such as Cadoc and Castlelands have significant under supplies as shown in Figure 12 overleaf.

3.21 It is therefore very important that the available supply of sports facilities is maintained in Sully in terms of type and number of pitches and courts, and that quality is improved.

Figure 11 – Distribution of Outdoor Sports Facilities in Vale of Glamorgan

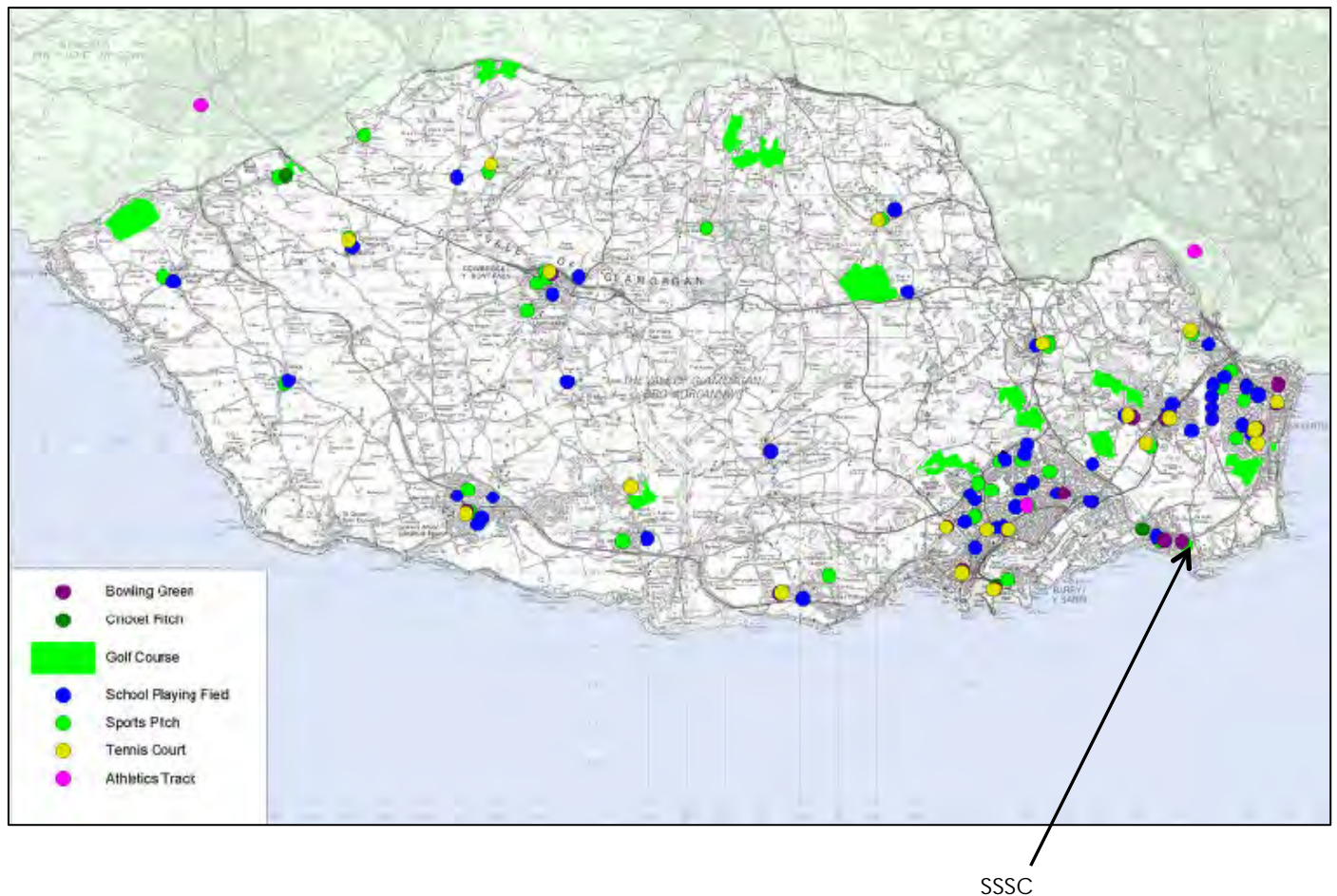


Figure 12 – Quantity supply of Outdoor Sports Facilities by ward

Ward	Pop'n	Area Total (Ha)	Hectare per 1000 population	Area (Ha) required to meet FIT standard	Provision (Ha)	Provision (excluding golf courses)
Baruc	6,281	4.28	0.68	10.05	-5.77	-5.77
Buttrills	6,357	4.19	0.66	10.17	-5.98	-5.98
Cadoc	10,002	0.66	0.07	16.00	-15.34	-15.34
Castleland	4,852	0.00	0.00	7.76	-7.76	-7.76
Cornerswell	5,353	15.49	2.89	8.56	+6.93	+6.93
Court	4,748	7.25	1.53	7.60	-0.35	-0.35
Cowbridge	6,180	14.81	2.41	9.89	+4.92	+4.92
Ward	Pop'n	Area Total (Ha)	Hectare per 1000 population	Area (Ha) required to meet FIT standard	Provision (Ha)	Provision (excluding golf courses)
Dinas Powys*	7,799	101.00	12.95	12.48	+88.52	+12.33
Dyfan*	5,166	64.92	12.57	8.27	+56.65	+6.63
Gibbonsdown	5,895	18.54	3.15	9.43	+9.11	+9.11
Illtyd	8,201	13.24	1.61	13.12	-0.12	-0.12
Llandough	1,977	3.80	1.92	3.16	+0.64	+0.64
Llandow/Ewenny*	2,643	66.69	25.23	4.23	+62.46	+4.64
Llantwit Major	10,621	24.95	2.35	16.99	+7.96	+7.96
Peterston-s-Ely*	2,289	101.42	44.31	3.66	+97.76	+1.19
Plymouth*	5,836	60.87	10.43	9.34	+51.53	+3.05
Rhoose	6,907	6.88	1.00	11.05	-4.17	-4.17
St.Athan*	4,495	28.54	6.35	7.19	+21.35	+1.49
St.Augustines	6,478	1.19	0.18	10.36	-9.17	-9.17
St.Brides Major*	2,638	99.34	37.66	4.22	+95.12	+0.93
Stanwell	4,416	4.90	1.11	7.07	-2.17	-2.17
Sully	4,543	19.44	4.28	7.27	+12.17	+12.17
Wenvoe*	2,659	179.67	67.57	4.25	+175.42	+1.89
Total	126,336	842.07	6.67	202.14	+640.01	+20.37

* Wards with a golf course(s)

b) Financial performance review

3.22 Accounting information reviewed prior to 2009 shows that up until around 2007/8 the operations were profitable and enabled a reserve fund to be accrued and added to each year. In cash terms SSSC had limited cash in the bank in 2009. It has however been used each year since then to fund the operating losses and is reducing such that there could only be sufficient reserves left to subsidise the Club for a further year or two at most.

3.23 A review of the income streams from 2009-14 identifies the following:

- Bar sales have reduced by 52%
- Catering income has reduced by 29%
- General income has reduced by 21%
- Overall SSSC has seen income levels fall by 38% across this period

Current trading figures are showing that this positioning is continuing to decline.

3.24 Many efforts have been made to reduce operating costs to mitigate the reduction in income. These include:

- Wages and salaries have reduced by 40%
- Energy and utilities costs have been reduced by 35%
- Maintenance costs and repairs have however increased by 100% as the facilities age

3.25 The fundamental issue facing SSSC however is that income generated solely through membership fees, hire of the premises and bar revenue is insufficient to cover all running costs and to ensure the facilities are adequately maintained.

3.26 Initiatives such as increasing membership fees and opening the facilities up further have all been implemented, and cannot be stretched further. For example, the Club derives significant additional income each year through activities such as the car boot sale. However, this is limited in the number of times it can be done and is very seasonal. The existing social facilities cannot be offered to the community any more than they currently are without impacting on the ability to accommodate the sporting users.

3.27 It is evident that if SSSC is to continue to provide the sports and social activities for the long term, it needs to widen its income streams.


c) Market opportunities review

3.28 During the review process, a number of ideas for facility improvements and potential enabling development have been explored. Preferred options were identified, and these analysed in further detail to get a better view of the local market and opportunities for them to provide a credible new income stream for SSSC.

3.29 The new facilities that were identified as candidates to deliver at SSSC were as follows:

Figure 13 - summary of short-listed opportunities

Facility		Rationale
Artificial Grass Pitch		<ul style="list-style-type: none"> • Ability to provide a year round match and training facility for football and for rugby • Would retain club members on site, and negate the need to travel to other facilities • Potential to increase bar revenues through keeping members on site • Opportunity for the facilities to be used by other clubs, community groups and organisations for their own training and matches, which will generate revenue
Camping facilities		<ul style="list-style-type: none"> • Sea views and location • Ability to bring more people to the site particularly during summer months but potentially year round • Increases the number of users and customers for the bar and social facilities • Would enable greater use of sports facilities and create a venue for tournaments and festivals. • Low capital investment but potential for long-term income
Improved facilities	social	<ul style="list-style-type: none"> • Opportunity to provide replacement (and suitable) changing facilities, but with an enhanced social offer • Potential to create modern function suite, capitalizing on the views • Potential to generate further new income and cater for existing users of the site
Commercial premises		<ul style="list-style-type: none"> • Potential to secure long-term rental income through secured lease of commercial facilities • Demand identified for gym premises • Utilises a relatively small area of the site • Brings more people to the site and improves awareness of what else is on offer at SSSC

- 
- 3.30 Delivery of each of these options was considered either in isolation or in conjunction with existing facilities.
- 3.31 None of the improvement measures delivered in isolation would be sufficient to improve the Club's operating position. In any event, the Club does not have sufficient partnership funding for any of them and the ability to secure the capital required is very unlikely.
- 3.32 As a consequence, a proposal that considers releasing value from the Club's asset (the land) through enabling development has been identified as the only real possibility of achieving the improvements needed to create a sustainable club.

4. FACILITY PROPOSALS

- 4.1 The scheme proposals that have been developed will provide enhanced sports facilities to support the sports club and will also create new leisure facilities that will improve SSSC's overall sustainability.
- 4.2 The proposal consists of the following facilities:
- Replacement clubhouse comprising
 - Six changing rooms
 - Match officials rooms
 - Lounge and bar area with adjoining function suite
 - Kitchen and cellar
 - Office accommodation
 - Store
 - First aid room
 - Full size 3rd Generation Artificial Grass Pitch (AGP) suitable for football and rugby
 - Senior natural turf rugby pitch
 - Senior natural turf football pitch
 - Senior natural turf pitch suitable for football or rugby
 - Replacement outdoor bowls green (with artificial surface)
 - Floodlit natural turf training area
 - New camping facilities comprising
 - camping pitches (with electrical hook up)
 - Support building with washing and WC facilities
 - 5,000 sq ft gym unit
 - Enhanced car-parking facilities
- 4.3 The design of the facilities has been developed in accordance with appropriate and relevant guidance, full details of which are provided in the Design and Access Statement.
- 4.4 The size and specification of the facilities therefore accords with the required safety and operational guidance. The size of the replacement clubhouse facility is larger than the current premises in part due to the replacement changing rooms meeting relevant standards and through the provision of enhanced social facilities.

5. CAPITAL COSTS & FUNDING

- 5.1 The anticipated cost and methods of funding the proposed new facilities have been a key consideration in the development of the scheme proposals.
- 5.2 It is clear from SSSC's current operating position that generating sufficient capital to fund the construction and delivery of the required new facilities is the key challenge to address.
- 5.3 As such, the relevant cost of all component parts has been carefully assessed, taking account of the future income potential as well as capital affordability. The objective being to compose a development proposal that can be funded and delivered and be one that will transform the financial operating position of the Club for the long term.
- 5.4 The number of changing rooms is appropriate to cater for the proposed number of pitches and their anticipated usage. The floor area accommodated within the new clubhouse will provide social facilities that cater for the number of users, ensuring that the facilities have the best opportunity to generate income and can be used flexibly and efficiently as demand dictates.
- 5.5 Therefore, although the costs are inevitably significant, they reflect robust facility proposals that seek to deliver quality facilities that can be successfully operated for their intended purpose and will be sustainable for the long-term.

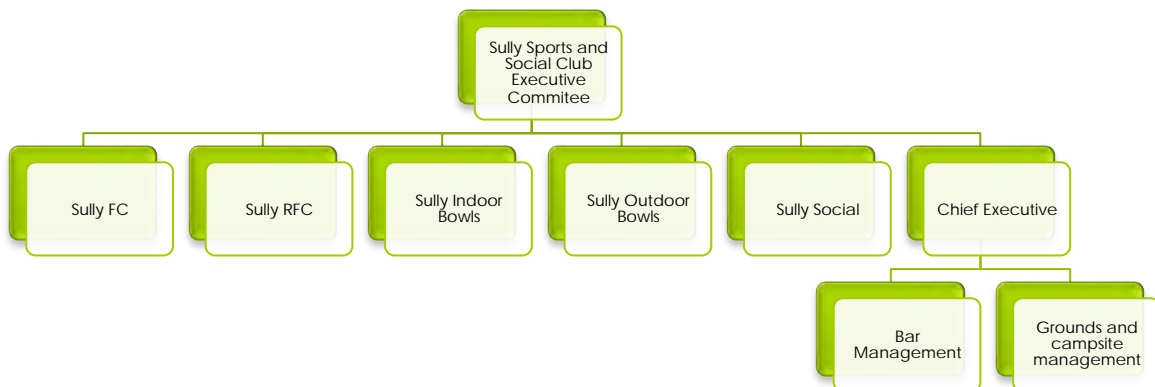
Capital costs

- 5.6 Capital cost estimates for the construction works have been prepared by Prosurv, in conjunction with a specialist sports contractor, Surfacing Standards Ltd, based on costs for comparable developments delivered in recent years.
- 5.7 Inclusion of all costs required to take the scheme through the entire process are essential. This demonstrates the thorough approach to the planning, development and delivery of this important scheme.

6. FACILITY MANAGEMENT & OPERATION

- 6.1 One of the fundamental principles required to support the case for redevelopment is to demonstrate how the facilities are proposed to be sustainable for the long-term and that these are vital for the future survival of SSSC.
- 6.2 There is a well-established management structure in place and as part of the redevelopment proposal, the existing structure has been reviewed to identify what measures might need to be implemented to manage and successfully deliver the improvements and future operation of the site.
- 6.3 The nature of how the improved facilities will operate is such that most of the day-to-day tasks associated with the operation and management of the facility will be undertaken by employed staff. The volunteer function of SSSC however will remain in full effect as it is today, with a volunteer structure remaining as the Executive function of the organisation.
- 6.4 The operating structure for the organisation is as presented below;

Figure 14 – Proposed operating structure



7. FUTURE INCOME & EXPENDITURE

- 7.1 The operating forecast that has been prepared considers the management structure and the types of uses of the proposed improved facility.
- 7.2 The forecast considers all areas of future income and expenditure, alongside how these will be generated or delivered and any variances that will apply on a seasonal basis. It should be noted that each of the sporting sections of SSSC manages and administers its own finances separately and do not feature in this business case. Each section will pay SSSC relevant membership or usage charges as identified within this plan. The charges have been developed to ensure that the sections themselves remain sustainable and that the charges are affordable.
- 7.3 The income and expenditure has been broken down into key areas as follows:

Income

- Facility Hire – income associated with hire charges and rental income for the sports facilities, gym unit and camping pitches
- Membership & club income – income from different classes of membership
- Food & beverage – income from bar sales across matchdays, private events and general social use
- Other – from fund-raising, sponsorship and other facility uses/features

Expenditure

- Cost of Sales – purchases and stock for the food and beverage offer
 - Staff – costs to employ key personnel to operate and manage the facilities
 - Facility costs – includes costs of operation of the sports and camping facilities and overhead and maintenance costs
 - General overhead – rates, insurance, utilities, rent, marketing and advertising
- 7.4 Breaking it down this way enables us to be able to fairly assess the level at which charges should be set, how costs are incurred and for what activities and also demonstrates the performance of individual areas of the overall development.
- 7.5 The forecast has been prepared to consider the lead in time for the new facilities from the latter part of the construction period through to the fifth year of operation, and considers the seasonal variance of the various income and expenditure items.
- 7.6 It is important that the pre-opening period is planned and budgeted. As future income is dependent on hire of the facilities for community, private and corporate uses, there will be a requirement for working capital to be available during the construction period to employ staff and to generally

market and prepare the facilities for operation. SSSC will ensure sufficient provision is made available as appropriate and this has been assumed in the forecasts and cashflow models.

Forecast assumptions

INCOME

Facility hire

7.7 Facility hire consist of four key income areas as shown below. Assumptions for each are provided in more detail as follows:

- Artificial Grass Pitch (AGP)
- Camping hire
- Indoor bowls rink
- Gym unit

AGP

7.8 A new source of income will be the 3rd Generation Artificial Grass Pitch (AGP). An indicative programme of use has been developed, and timeslots for use by Sully FC identified. Charges applied to Sully FC are included within the Club's overall contribution to SSSC for priority use of the facilities. Outside of these hours the pitch is available for hire by local clubs and schools with a combined total of 87 hours of use a week available for use across all user types.

7.9 An indicative programme of use makes assumptions on how the hourly slots will be utilised and what the relevant charges might be. A proposed competitive pricing structure is proposed to be in line with other comparable facilities. Exact usage and charging will be agreed in due course and is anticipated to be the subject of a community use agreement as part of the planning conditions.

7.10 An indicative programme of use is based on potential demand for use that is anticipated locally. We have identified that there are two other artificial pitches that might be considered to serve this community. They are based at Colcott Leisure Centre in Barry (4.7 miles away) and at Holm View Leisure Centre, 3.7 miles away. Neither pitch is of the same specification that is proposed at SSSC, and are not suitable for match play for either football or rugby. As such, SSSC would be providing a facility that is unique to the area.

7.11 Different charges apply to each of the various user groups that would be anticipated, including match rates for clubs that might wish to hire the AGP for a match as opposed to a training session. It is noted that at this time a detailed design for the AGP has not been finalised, and therefore pitch markings, choice of base and goals would need to be confirmed. This would be done in consultation with Sport Wales, and likely to be a condition of any planning permission. Hire charges used in the forecast are very competitive in comparison to the other two artificial pitches that

existing locally and as such are considered to be very conservative. It is proposed that SSSC will develop initiatives and programmes that use the AGP such as small sided league, football and rugby skills sessions and development programmes and offer activities such as walking football and bubble football that will appeal to a wide range of user groups.

Camping hire

- 7.12 This is a further new income stream for SSSC and is one that will require appropriate marketing and advertising to generate the levels of new business identified. Camping continues to be a popular activity, with over 550,000 touring caravans currently known to be in use in the UK. Caravanning accounts for £1.8b of revenue spent in the UK on holidays each year and 51 million nights of accommodation (statistics from NCC). Average occupancy rates for touring caravans in South Wales have historically been reported as between 45 and 50%.
- 7.13 The forecast has considered comparable camping sites that offer similar facilities, in the region and has taken an average charge per night.
- 7.14 The proposal is to deliver either a 4 or 5 star/pennant rated camp-site. Although open year round, for the purpose of the business case the season has been assumed as running from April to September inclusive, providing a total potential of 183 days where the pitches would be available for hire. It has been assumed that each would be hired for 14 days per month, representing an occupancy rate of 45% over just six months of the year. There is clearly scope for extended use outside of the key and peak periods.
- 7.15 An average charge of £19.00 per pitch has been applied. Comparable charges in the locality are as follows:

Figure 15 – local camping hire charges

Campsite	Rating	Charges (low to high season)
Riverview, Swansea	5 pennant	£20 - £24
Caerfai Bay, Cardiff	5 pennant	£19 - £24
Three Cliffs, Penmaen	5 pennant	£26 - £30
Carreglwyd	4 pennant	£22
Heritage Coast, Monkash	4 pennant	£16 - £20
Llandow, Cowbridge	4 pennant	£17.50 - £21.50

Indoor bowls rink

- 7.16 Income from rink fees for the indoor bowls facility has remained relatively static in the past three years. Future income has therefore been retained at these levels.

Gym unit

- 7.17 An analysis of market rates for gym units in the Vale of Glamorgan was undertaken by GVA using data taken from CoStar. This indicates that a rate of £14 per sq ft would be achievable for the unit proposed. Initial soft market testing/discussion have indicated a demand for a gym.

Bar & functions

- 7.18 This has historically been the core income stream for SSSC. One of the core principles underpinning the relocation is the need to ensure that income streams are spread across a number of different sources. Income from the AGP and Camping pitches provides new income whilst at the same time also have the potential to generate increased revenues from food and beverage sales. As such, although overall forecast income is more than the current amount being generated, this is drawn from a wider user base.
- 7.19 The income assumptions consider general bar takings from members across all of the sports, private hire for parties and functions, special events such as fund-raising dinners and balls, weddings and seasonal parties, and also regular use of the venue by community groups for a range of purposes such as meetings, exhibitions etc.
- 7.20 It is expected that some of the income assumptions for this side of the operations may take a little while to become established. However, an analysis of the existing local offer for event facilities does identify that there is space in the market for a venue of this type and size. Other than hotels, there is only one venue in the locality that can cater for sit down dinners for over 120 guests.
- 7.21 As with the other income streams, appropriate marketing of the facilities available and a strategy that promotes and drives business will be essential to the business plan's success.
- 7.22 Cost of sales for the bar purchases are assumed at a realistic gross profit on bar sales and are consistent with historic levels. Food sales assume a basic bar snack offer. Any additional catering that might be offered, such as full scale catering (sit down dinners, buffets etc) would be done through a catering management agreement, and would be subject to demand and availability, retaining sporting use for members as the primary use. It should be noted however that having an agreement with a caterer like this provide a further secure income stream.

Other Income

- 7.23 Additional income for the Club will be derived from sources similar to those received at present. The assumptions include income from social membership, sponsorship, donations and fund-raising, vending and so forth. Income from occasional use of the car-park has also been considered. This might include hire to health providers for mobile screening days and so forth during weekdays at times when that facility is not in use by sporting members.

EXPENDITURE

7.24 All overhead costs have been included as would be expected for any facility of this type.

Staff costs

7.25 Staff costs are a key area of change as a greater number of employees are anticipated. Because of the wider community nature of the new development, the facilities will be open for longer and to a wider user base. As such, a staffing structure will need to be implemented to ensure that the facility is appropriately operated and activities are professionally and viably delivered.

7.26 The following roles have been identified as required to appropriately run the facility and associated costs included within the forecasts.

- General Manager – full-time post to oversee and manage all day to day operations of the site and to promote use of the bar and function facilities and AGP
- Groundsman/caretaker – One full-time and one part-time post to maintain the pitches and external areas
- Bar staff – demand based staff to cater for matches, general bar and functions plus full-time stewards
- Administrator – full-time post to undertake general administration duties.
- Cleaner – Employed role or out sourced. Costs for cleaning the social areas are included in the staff costs, and in the sports facility costs for cleaning of the changing rooms and camping facilities
- Camping site manager – full-time and part-time roles to promote and manage the camping site.

7.27 Costs assume an annual salary or hourly rate plus National Insurance Contributions, at current market rates.

7.28 It is considered that with this staffing structure in place, the current management structure set out in Section 6 is a good model to retain to oversee the management of the new facilities. This will enable the character of a community and volunteer led organisation to be maintained yet with the benefit of a commercial staffing structure to operate the facilities on a day-to-day basis.

7.29 If SSSC so wishes however, it may choose to fill some or all of these roles with volunteers as opposed to paid roles. If so, this could improve the operating surpluses that would be generated each year. It is advisable however that key roles should be employed and have associated Key performance Indicators and targets attached to them to ensure the business plan is being delivered.

Facility running costs

7.30 Costs incurred to operate and maintain the sports facilities have been included in the forecast.

- 7.31 In respect of the facility costs, an allowance has been made for the operation of the floodlights for the AGP as an additional cost to the general utility costs for the site.
- 7.32 A sinking fund has been included in the forecast, allowing an annual sum to be set aside from income each year towards future replacement of the carpet for the AGP. Therefore, a fund will accrue each year and will be ring-fenced. The life-span of the AGP carpet is likely to be around 10 years (dependant on wear, use and maintenance) with a replacement cost in the region of £200,000.
- 7.33 Annual maintenance costs for the natural turf and artificial turf pitches and for the camping site are also included, although this is less in year 1 for the natural turf pitches as the facilities will fall under the first year's maintenance costs which have already been budgeted for in the capital cost plan. Costs for inspection of floodlights on an annual basis are included too and for bi-annual top up of the rubber crumb.

Overhead

- 7.34 The general overhead of the facility costs include the following:
- Utilities – Gas/electric for operation of the building
 - Rates – allowance for increased building size and camping facilities
 - Insurance – as per other similar facilities
 - Office and admin – allowance for stationery, IT support, telephone etc
 - Marketing – advertising budget for AGP, Camping pitches and social facilities
 - Accountancy – annual accounts, payroll etc
 - Miscellaneous – items such as Sky Sports, Licensing
 - Consumables – hygiene and waste disposal etc

Forecast

- 7.35 Once fully operational (from Year 2), the facilities are forecast to generate an annual surplus of just over £20,000 in the first full year of operation rising each year. This surplus would enable future investment in the facility and opportunities for developing sport and social activities.
- 7.36 Working capital to ensure that the business plan can be implemented and that SSSC has sufficient resources to cash-flow the operational start up and anticipated small loss in the partial first year has been identified with a working capital funding strategy to ensure this funding is available.
- 7.37 A summary of the five-year forecast is shown in Figure 16 overleaf.

Figure 16 – Summary five year forecast

	Year 1	Year 2	Year 3	Year 4	Year 5
Income					
Hire, membership, bar sales, other	£562,000	£589,000	£611,000	£633,000	£656,000
Cost of sales	£108,000	£111,000	£114,000	£118,000	£121,000
Expenditure	£448,000	£458,000	£469,000	£481,000	£493,000
Profit/loss	£6,000	£20,000	£28,000	£34,000	£42,000

8. SUMMARY

- 8.1 The Outline Business Case report has considered the scope and overall viability of the facilities proposed for the redevelopment of Sully Sports and Social Club.
- 8.2 The information contained in this report and the planning application sets out why the facilities that are proposed are needed and how they meet the needs of SSSC. The proposals also demonstrate how they can cater for demand for improved sport and leisure facilities, and can contribute positively to the local community and economy. As such, the scale of the facilities is considered appropriate.
- 8.3 Sound assumptions to establish a realistic cost to deliver these facilities have been used.
- 8.4 It is clear that improved facilities at SSSC, even considering just a replacement clubhouse, could never be delivered by any other means. It is also obvious that the facility is not sustainable without other income streams to underpin the operating costs. The size and scale of the facilities required to meet the sporting and activity needs of its members cannot be operated without income from other sources.
- 8.5 As there is no entity to subsidise any operating deficits, SSSC has to look to its own assets to provide a solution to make this facility sustainable. The only realistic funding source to deliver the facilities that are needed, and to permanently improve SSSC's financial status, is through enabling development to release the capital value so that it can be reinvested in sport and community facilities. Sporting provision is not lost, but is in fact enhanced through a more diverse range of facilities and through far superior quality and accessibility. These facilities will have greater scope for usage, will be available for greater periods of time and will be affordable for members and the general public. These new facilities will mean all members of this community have the opportunity

and ability to use them. In particular, access for disabled users will be possible to all parts of the centre for the first time.

- 8.6 Importantly, the addition of secure income streams such as from the gym unit, and optimising the use of land through camping, spreads the risk for SSSC and means it is no longer dependent on a narrow income stream.
- 8.7 All aspects of the project's delivery and subsequent operations have been carefully considered and budgeted for, presenting a viable and sustainable offer.