

Town Stadium Complex at Hemel Hempstead feasibility study

A Phase 2 report by pmpgenesis



Basis of information

It is not possible to guarantee the fulfilment of any estimates or forecasts contained within this report, although they have been conscientiously prepared on the basis of our research and information made available to us at the time of the study.

Neither pmpgenesis as a company, nor the authors, will be held liable to any party for any direct or indirect losses, financial or otherwise, associated with any contents of this report. We have relied in a number of areas on information provided by the client, and have not undertaken additional independent verification of this data.

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1. Introduction

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Background

- 1.1 pmpgenesis was appointed by Dacorum Borough Council ('the Council') in January 2010 to complete a Phase 2 study investigating the detailed feasibility of a potential Town Stadium Complex for Hemel Hempstead. This work builds on a previous (Phase I) study completed in June 2009, where pmpgenesis led a team also including DTZ (property and commercial advisors) and SportConcepts (stadium architects) which identified potential demand for a community stadium project.
- 1.2 Prior to pmpgenesis' initial feasibility study, the Council had wished to investigate whether a new stadium would have the potential to provide a focus for Hemel Hempstead's main sporting aspirations and help to engender pride in a town which is expected to expand to around 100,000 people by 2031.
- 1.3 The East of England Plan (published May 2008) projected that Dacorum would grow by approximately 17,000 dwellings between 2006 and 2031, with the majority focused around Hemel Hempstead. Though these projections are subject to change (as explained later in this report) a population increase is likely to put further strain on the sporting facilities across the town and Borough.
- 1.4 The Council is keen to ensure an adequate level of sports facility provision to meet the expected needs of the growing population, and to alleviate some of the pressures on existing leisure sites. As such, the Council wished to investigate the role that a stadium complex could play in this future provision of sport and leisure facilities.

Work undertaken to date – Phase I

- 1.5 Hemel Hempstead does not currently have a stadium per se, although there are several clubs (both football and rugby) with their own grounds in the town, and several of these clubs have potential aspirations to ultimately progress to professionalism and higher league status. In particular, Hemel Hempstead Town Football Club (HHTFC) is seeking to relocate and has expressed ambitions to develop a new stadium, although these have not been realised so far.
- 1.6 pmpgenesis' initial feasibility study confirmed the potential demand for, and deliverability and sustainability of, a Town Stadium Complex in Hemel Hempstead. Based on market research and consultation, together with the vision developed by the Council and its stakeholders, there are strong opportunities to deliver a project that is a valuable resource for existing and future residents of the town.

Phase 1 project vision – Hemel Hempstead Town Stadium Complex

A town stadium that provides scope for its tenant(s) to grow and prosper at the heart of a sustainable complex that boosts community sports participation and health for the present and future population of Hemel Hempstead and beyond.

- 1.7 The study concluded that the Complex could potentially support the delivery of the sporting aspirations of the town's clubs and their progress through the respective football and rugby league structures, while offering a valuable community leisure facility to meet demand for indoor and outdoor sport in Hemel Hempstead.
- 1.8 In order to achieve this, it was recommended that the Council consider, as a base position, the delivery of a stadium solution that allows for competition at the Football League level (identified as Stadium Option C) and community sport provision that meets existing latent, and projected future, demand (Community Option 2 or Option 3).
- 1.9 Delivering a substantial mix of professional and community sport provision has the potential to stimulate interest and activity levels in residents of Hemel Hempstead and beyond, providing a valuable hub site that provides opportunities to both play and watch sport, in keeping with the Council's vision for the Town Stadium Complex.

Phase 2 tasks

- 1.10 To build on this initial indication of project feasibility, pmpgenesis was appointed alongside Sport Concepts to complete a detailed analysis of the project's feasibility and deliverability. The underlying objective of the phase 2 work is to assess the feasibility of the project in more detail and outline how the facility can be delivered.
- 1.11 Phase 2 was divided into Phase 2a and 2b. Phase 2a is covered in this report, and includes:
- Refining the facility mix
 - building on the work already completed at Phase 1 as well as the ongoing Facilities Improvement Service work being produced by the Council, considered in light of expected demand, deliverability and operational sustainability
 - Completing a detailed site assessment
 - producing further rigorous assessment of the suitability of the preferred location identified in the Phase 1 report, to include access, topography, size and other planning related matters
 - Market testing
 - engaging with sport and leisure operators and other end users to determine market interest and overall appetite for investment in the scheme
 - Reviewing management options
 - advising on the ownership and management structure options for the complex, including reviewing various commissioning options
 - Continued development of a business plan
 - producing a detailed look at the cash flow arrangements for the facility as well as the production of a financial model, including a more detailed look at the likely profit/loss assessment of the complex.

- Procurement and delivery solutions
 - developing a procurement and delivery route for the complex including the likelihood of securing investment and potential phasing of development under the various funding options
- Preparation of a risk register
 - to identify and track key issues.

1.12 The following requirements were identified as being part of Phase 2b if the Council decides that this is required:

- Development of a communication strategy
- Preparation of conceptual plans.

Report structure

1.13 The report is structured as follows:

- Section 2 – refines the **facility mix** for the Town Stadium Complex
- Section 3 – introduces the potential **management and procurement** options
- Section 4 – **business planning** of the preferred option
- Section 5 – **site assessment** to confirm opportunities
- Section 6 – presents the **conclusions** of this phase of work.

Emerging contextual considerations

1.14 Since the completion of the Phase 1 study, a number of issues have emerged which have the potential to have a material impact on the deliverability and sustainability of a Town Stadium Complex in Hemel Hempstead. Some of the significant contextual considerations are considered in turn below.

East of England Plan status and impact on population projections

- 1.15 The East of England Plan (RSS) projected that Dacorum would grow by approximately 17,000 dwellings between 2006 and 2031, with the majority (c.10,000 homes) focused around Hemel Hempstead. This scale of population growth would be likely to put further strain on the sporting facilities across the town and Borough.
- 1.16 In 2009, St. Albans successfully challenged the RSS proposals that related to the development of new homes, including those planned for the area to the east of Hemel Hempstead. This marked the first time that a council successfully brought a legal action in England requesting part of an RSS be quashed. This ruling, and the subsequent discussion and debate over revisions to the RSS, means that it is difficult to project future population growth in Dacorum, and therefore the market for new facilities.
- 1.17 Hertfordshire County Council has provided high and low projections of population growth to 2031, which pmpgenesis has used to develop two scenarios that help to inform the development of the facility mix likely to be necessary to meet need.

- 1.18 The impact of differences in the population projections are explored in Section 2, and have informed the development of the preferred facility mix.

St. Albans' position

- 1.19 St. Albans City & District Council (St. Albans) were closely engaged with Phase I of the study, and provided important input around the need of its residents. The preferred site identified at Phase I was within St. Albans local authority area, but the Council advised at this stage that there was a possibility of an amendment of administrative borders between Dacorum and St. Albans in the coming years. This was identified as a potential development as the future residential development in the corridor between the M1 and Dacorum identified by the RSS was realised.
- 1.20 Given the challenge of the RSS by St. Albans, and the subsequent quashing order granted, it appears less likely that a realignment of authority boundaries will be realised in the short-medium term.
- 1.21 This in turn has an effect on the preferred site identified at Phase I, given that it is located within St. Albans' administrative area and St. Albans appears strongly opposed to any form of development on green belt land.
- 1.22 The potential ramifications of this development for the project are raised in Section 4.

Hemel Stags aspirations for Super League status

- 1.23 At Phase I, Hemel Stags Rugby League Club (HSRLC) were considered to be a potential future tenant of a Town Stadium. HSRLC communicated that they ultimately had aspirations to achieve Super League status – the top flight of domestic rugby league. The club stated that it would only be interested in moving to a new stadium if it were to be awarded a Super League franchise in the future.
- 1.24 These franchises are awarded in phases via a competitive process, based on a number of criteria, including stadia, fan base, financial and playing strength. 3-year licenses were granted to Celtic Crusaders and Salford City Reds in July 2008 to allow them to enter Superleague in 2009.
- 1.25 We have engaged in further discussions with HSRFC during the course of this work, during which time they have indicated that their original stance (i.e. only having an interest in a stadium move on achievement of Superleague status) had changed in the period since pmpgenesis' Phase I work was completed and presented.
- 1.26 HSRFC do not presently have aspirations to pursue a Superleague place at this time, and the club is instead targeting the Championship – the division below Super League. At this level, a franchise system, rather than promotion/relegation, continues to operate. The RFL has indicated strong support for HSRFC's aspirations and is keen to grow the sport beyond its traditional north west heartland.
- 1.27 HSRFC's current status and aspirations are discussed in Section 2.

Hemel Hempstead Town Football Club (HHTFC) stadium lease expiration

- 1.28 HHTFC's current lease at Vauxhall Road site is owned by Homes & Communities Agency (HCA). HHTFC's existing lease expires in 2010, and HCA had previously stated that it was not looking to extend this. The terms of the current lease include a six-month break clause, and dictates that HCA must provide a new stadium (to the same specification of the existing stadium as a minimum) for HHTFC within 1.5 miles of Hemel Hempstead Town Centre were it to terminate the lease.

- 1.29 HHTFC has again suggested that it is exploring opportunities to extend the lease by a further 15 years. HCA has however confirmed through consultation at this phase that it is not actively engaged in discussion with HHTFC to extend the lease. On expiration of lease, HHTFC will remain in place under the landlord/tenant arrangement, the terms of which will effectively mirror those in place under the expiring lease, save for the obligation to deliver a new stadium on negotiating the end of HHTFC's tenancy.
- 1.30 HCA will still be liable to pay 'statutory compensation' to HHTFC if moving the club, even on expiry of the lease. This is likely to be c.2-3 times the rateable value of the site (£8,250) so this would not provide a significant contribution towards the projected capital cost of new Town Stadium, and in any case compensation would only be payable if HCA were to initiate the end of HHTFC's tenancy at the site.
- 1.31 HHTFC's current status and aspirations are discussed in Section 2.

2. Facility mix

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Outline options from Phase I

- 2.1 At Phase I, pmpgenesis, identified a series of facility mix options for the Town Stadium complex. This was manifested in three options for the stadium and playing area strand, and three options for the community sport strand. These stadium and community strands are not mutually exclusive and can be paired in any combination required.
- 2.2 The headline options identified at Phase I are presented below in Table 2.1 and Table 2.2.

Table 2.1 Community sport & leisure strand options – facility mixes

Option 1	Option 2	Option 3
<ul style="list-style-type: none"> 1 full size 3G synthetic turf pitch (STP) 1 full size grass pitch 1 grass junior pitch 30 station H&F suite 10x10 dance studio Associated changing F&B (café) Office/ operations space 	<ul style="list-style-type: none"> 1 full size 3G STP 8-10 pitch outdoor Goals/ PowerLeague style facility 2 full size grass pitches 2 grass junior pitches 50 station H&F suite 10x10 dance studio 4-court sports hall 4-lane, 20m pool Associated changing F&B (café) 10x10m meeting room Office/ operations space 	<ul style="list-style-type: none"> 1 full size 3G STP 8-10 pitch outdoor Goals/ PowerLeague style facility 2 full size grass pitches 2 grass junior pitches 70 station H&F suite 10x10 dance studio 4-court sports hall 4-lane, 20m pool Associated changing F&B (café) 10x10m meeting room Office/ operations space
<p>Indicative footprint:</p> <p>17,000 sqm (plus c.100 parking spaces)</p>	<p>Indicative footprint:</p> <p>39,000 sqm (plus c.150 parking spaces)</p>	<p>Indicative footprint:</p> <p>52,000 sqm (plus c.240 parking spaces)</p>
<p>Projected capital cost:</p> <p>£3.1 million</p>	<p>Projected capital cost:</p> <p>£8.8 million</p>	<p>Projected capital cost:</p> <p>£12.8 million</p>

Table 2.1 Stadium strand options

Option A	Option B	Option C
c.3,000 capacity stadium (inc 250 covered seats).	c.4,000 capacity stadium (inc. min. 500 covered seats) with capacity to increase to 5,000 (as per FL standards) in future	5,000 capacity stadium (inc. up to 2,000 covered seats) with capacity to increase to 10,000-12,000 in future
<p>Notes:</p> <p>Capable of hosting HHTFC at non-league level, though unable to host Football League matches if club rises through national structure.</p> <p>Matches current ground capacity at Vauxhall Lane.</p>	<p>Notes:</p> <p>Capable of hosting HHTFC at non-league level, and scope for additional capacity (requiring further construction but allowed within the overall site footprint) would allow stadium to host Football League matches if club rises through national structure</p>	<p>Notes:</p> <p>Capable of hosting Football League matches immediately upon opening.</p> <p>Scope to extend capacity (requiring further construction but allowed within the overall site footprint) to meet Rugby Super League requirements and therefore accommodate Hemel Stags if awarded licence in c.2014.</p>
<p>Indicative footprint:</p> <p>c.10-12,000 sqm</p>	<p>Indicative footprint:</p> <p>c.11-13,000 sqm</p>	<p>Indicative footprint:</p> <p>c.14-18,000 sqm</p>
<p>Projected capital cost:</p> <p>£5.4 million (£5.1m-£5.8m)</p>	<p>Projected capital cost:</p> <p>£6.7 million (£6.5-7.4m)</p>	<p>Projected capital cost:</p> <p>£8.6 million (£8.3-9.2m).</p>

- 2.3 These capital costs excluded VAT, inflation, and fees at this stage, and also did not include parking. The stadium costs in particular were based on mid-range projections, though it was noted that there was potential scope for value engineering to increase affordability. This is considered further within this section.
- 2.4 The Phase I study recommended that the Town Stadium Complex could potentially support the delivery of the sporting aspirations of the town's clubs and their progress through the respective football and rugby league structures, while offering a valuable community leisure facility to meet demand for indoor and outdoor sport in Hemel Hempstead.
- 2.5 The report recommended that the Council consider, as a base position, the delivery of a stadium solution that allows for competition at the Football League level (Option C) and community sport provision that meets existing latent, and projected future, demand (Option 2 or Option 3).
- 2.6 Although not the cheapest in capital build terms, it was determined that Options C2 and C3 potentially offer deliverable and sustainable facilities that best met the vision set out (see Section 1) by the Council and its major stakeholders.

Refining the facility mix

- 2.7 pmpgenesis' Phase I report recommended that Options C2 and C3 be taken forward for further detailed consideration by the Council in a full feasibility study. pmpgenesis and the Council noted that, based on further analysis of demand and sustainability, there could be scope to refine the facility mix to deliver a project that maximised effect and sustainability.

Stadium strand

- 2.8 The stadium strand is driven by the requirements of the tenant team or teams. The primary stadium tenant identified at Phase I was Hemel Hempstead Town FC (HHTFC), with the potential for Hemel Stags (HSRFC) to also assume occupancy of the stadium if they were to bid for, and able to successfully secure, a Super League license in a future bidding round.
- 2.9 Based on this, pmpgenesis recommended that a base stadium be developed at 5,000 capacity, to meet the Football League's requirements for continued participation in League 2, most notably that it include 2,000 covered seats) with provision largely focused in one main stand. It was recommended that the stadium also be designed to be sufficiently flexible to allow for phased development to increase capacity to c.12,000+ in future years to meet HSRFC needs and/or those of HHTFC up to League 1 level at least.
- 2.10 At Phase 2a, pmpgenesis has engaged again with each of these clubs to understand whether their positions, priorities and needs have changed, and whether they continue to be likely tenants of the stadium. We have also endeavoured to make contact with St. Albans FC to confirm whether they have interest in the stadium, as at Phase I they were initially only considered as potential users of training facilities at the Complex, rather than tenants of the stadium itself.
- 2.11 Club tenancy is the essential component of the project's overall viability and sustainability. As such, pmpgenesis has engaged (again) with local clubs to determine and confirm their potential interest in a new stadium project, what their facility mix needs are, and under what financial/management terms they would pursue tenancy at, or ownership of, the stadium. This has included:
- HHTFC
 - identified at Phase I as likely tenants of the Town Stadium from opening
 - currently based at Vauxhall Road (site owned by HCA), with lease due to expire in 2010
 - requiring a minimum 3,000 capacity stadium to replace the current provision at Vauxhall Road, but ultimately with aspirations to compete in the Football League (requiring 5,000 capacity plus other stipulations)
 - HSRFC
 - identified at Phase I as potential tenants of the Town Stadium in future years contingent on securing a Superleague licence
 - currently based at Pennine Way (site owned by the Council) on a medium-term lease
 - requiring a likely 12-14,000 capacity based on Super League-stipulated minimum stadium standards)

- St. Albans City FC (SACFC)
 - not engaged at Phase I due to concentration on Hemel Hempstead/Dacorum-based semi-professional/amateur teams and regional professional sports teams
 - currently based at Clarence Park in St. Albans, though they are exploring potential opportunities to relocate to support their development aspirations.

HHTFC

- 2.12 HHTFC have reiterated their strong interest in moving to a new Town Stadium. Its lease at Vauxhall Road expires in 2010 and HCA has confirmed again that it does not intend to extend this lease. HHTFC will therefore continue to play at the site under the same terms as presently, but without medium-term security.
- 2.13 HHTFC has stated that it would be willing to share with a rugby club, and can see the benefits of sharing with rugby league due to the winter/summer season split producing fewer fixture clashes, and would also be willing to enter into a stadium management SPV under such a scenario, provided its commercial needs are protected.
- 2.14 Vauxhall Road's capacity is currently c.3,000. In order to satisfy National Conference and Football League criteria a higher capacity is needed, and Phase I determined that a 5,000 capacity stadium (from the outset, with scope to increase capacity in future years if required) and meeting the Football League's ground grading requirements would be the optimum solution.
- 2.15 With progression through the league structure, HHTFC could be expected to potentially mirror the average divisional attendances summarised in Table 2.1 below. HHTFC was relegated to the Southern Football League Division One South & West at the end of the 2009/10 season.

Table 2.1 Average league attendances

Division	2004/5	2005/6	2006/7	2007/8	2008/9	2009/10
League 2	4,545	4,249	4,272	4,427	4,288	3,841
Conference National	1,995	1,844	2,042	1,906	1,857	2,047
Conference South					667	660

Source: www.soccernet.com; www.mikeavery.co.uk

- 2.16 HHTFC attendances are currently around 250-300 (based on season 2009/10 in The Zamaretto League Premier Division – the division below Conference South). At this level, HHTFC does not include matchday general admission revenue within its business plan. However, combined with the 'new stadium effect', which can generate up to 40% increases in attendance, the Town Stadium has the potential to assist HHTFC in progressing up the football pyramid, generating increased matchday and commercial revenues for the club.
- 2.17 Taking a prudent approach and based on ticket prices of £10 with no price increases on progressing to higher divisions and even without a new stadium effect, we would expect HHTFC's attendances to rise to c.600 if reaching Conference South (generating an extra £3,000 per home match from general admission (GA) alone) and 1,900 in Conference National (generating an extra £16,000 per home match from GA).

- 2.18 As previously noted, HHTFC's lease at Vauxhall Road expires in 2010, though it will continue on a rolling basis. Once HCA deems it appropriate to seek to develop the site HHTFC will not be eligible for funding as previously for a new stadium. Under the terms of its expiring lease, HCA was to provide a replacement stadium within 1.5 miles of the town centre, and be liable for all capital costs.
- 2.19 HHTFC believes that it will potentially be due a capital contribution from HCA on moving from Vauxhall Road (a figure of £1m has been mooted by HHTFC), which it would be able to contribute towards the delivery of a new stadium in Hemel Hempstead. However, based on discussions with HCA, pmpgenesis does not consider this likely and instead HHTFC may only be able to directly secure 2-3 times the annual rental sum (£8,250) in compensation from HCA.
- 2.20 However, given that the Council is the planning authority for the Vauxhall Road site, and that HCA has development aspirations for the site in the medium-term, there may be scope for the Council to insist upon a planning gain from HCA which could then be channelled into the Town Stadium Complex capital development.
- 2.21 HHTFC has indicated that it would potentially be willing to contribute £1m to the scheme, provided HHTFC's interests were protected. Were this contribution to be made, the Council/stadium operating company would need to develop the terms of this donation.
- 2.22 HHTFC has stated that it is willing to consider a range of alternative management options, so long as its commercial opportunities are protected. HHTFC has indicated a need to generate c. £100,000 per annum from non-matchday ticket revenues in order to support its aspirations to progress through the league structure. It is considered important that the Town Stadium solution enables the tenant club(s) to be sustainable and to grow and prosper.
- 2.23 Key issues to be resolved are:
- Securing HHTFC's ability to generate sufficient revenues to support their aspirations to progress up the league pyramid (invest in wages etc)
 - The potential for a significant capital donation from Dave Boggins (Chairman of HHTFC until February 2010), and the terms that would be attached to this
 - The scale of compensation payable by HCA to HHTFC and whether this is of sufficient quantum to materially benefit the overall capital funding pot.
- 2.24 **HHTFC is still considered a very important and likely tenant of a new stadium complex for Hemel Hempstead**, as tenants and also potential heavy users of available training facilities/times. There is scope for the club to contribute capital towards the delivery of the Town Stadium and to help with the overall operation of the stadium component (methods discussed in Section 5).

HSRFC

- 2.25 At Phase I, HRSFC had stated that it was developing its facilities and spectator capacity at Pennine Way, to support the Club's aspirations for the medium-term. HSRFC did though state that it had aspirations to compete for a Super League licence (awarded via competitive process, not through league position/promotion) in a future Rugby Football League (RFL) franchising round. To compete at this level would require a c.12,000 capacity stadium as per the RFL ground requirements.

- 2.26 As such, the Phase I study recommended that although HSRFC would not be a likely tenant of the stadium from opening the project should be designed in such a way that future phased development could increase capacity to the desired level.
- 2.27 In the period between the completion of Phase I and the onset of Phase 2, HSRFC's position and aspirations have changed. At a meeting in February 2010, HSRFC stated that it was no longer intending to apply for a SuperLeague licence.
- 2.28 Instead, it intends to apply for a licence to compete in the Championship – the level below the Super League. Spots in this league are again awarded on a licence basis with clubs applying for a limited number of franchises based on their ability to satisfy a range of criteria set out by the RFL.
- 2.29 The Championship criteria specific to stadia are similar to those set out by the Football League. The key requirement is for a team's stadium to have a 5,000 capacity. The requirements for seating and for covered spectator accommodation are less onerous than those set out by the Football League, and as such there are strong synergies between the needs of the two groups. A Town Stadium that meets the Football League criteria would need little, if any, modification to satisfy the RFL's requirement for Championship clubs.
- 2.30 As rugby league now operates a summer season (February-September) there will be fewer challenges posed by fixture scheduling than would be the case with a mix of football/rugby union or two football teams. The trade-off is that the pitch has less time to recover, and there are fewer opportunities to re-lay the surface, during the year with no real offseason.
- 2.31 The club has not been able to raise the required capital to deliver the new spectator provision and improved community pitches that it had intended to at its current ground. HSRFC would therefore need to leave Pennine Way to realise this aspiration, and given its difficulties in securing the necessary funding to develop Pennine Way would be potentially likely to move in the shorter term.
- 2.32 The difficulties faced by Super League teams beyond the sport's northern heartlands have been well-publicised recently. For example, Harlequins are averaging only 3,500 fans per game, and Crusaders failed to establish themselves in South Wales and have now moved back closer to Wigan, Widnes and other major hubs of the sport. However, the RFL appears committed to growing the sport across the country and in southern England and London in particular, and as such this need not be considered likely to harm HHTFC's Championship licence aspirations.
- 2.33 The RFL also had representation at pmpgenesis' meeting with HSRFC in February 2010. In addition to lending their support to the club's aspirations to play at the Town Stadium, the RFL stated that it also was investigating opportunities to establish an office base for its south and east-based coaches and administrators.
- 2.34 If the RFL were to take office space at the Town Stadium, it would have the potential to be both a commercial contributor to the operational business plan and also importantly to increase the profile of the project and attract usage and event days. However, the RFL currently has office space at London's South Bank University, and has since clarified that it is not seeking to move from this space and the RFL would therefore not be a potential commercial office tenant.
- 2.35 HSRFC has a long-term lease for Pennine Way, which is owned by the Council. Although seeking to move its first team matches to the Town Stadium, the club has stated that it still intends to retain the Pennine Way site in its entirety, for training and sports development use. This means that HSRFC will not be likely to have any capital to contribute towards the project, although it will realise a benefit.

- 2.36 As landowner at Pennine Way, the Council may wish to pursue options at the site that have the potential to generate a capital contribution to the Town Stadium Complex, while reducing HSRFC's footprint. It is likely that the Council will need to meet a capital shortfall to deliver the scheme, and will therefore need to consider what opportunities there are to generate these funds, particularly since HSRFC stands to benefit from the stadium without being able to make a significant contribution itself.
- 2.37 HSRFC has indicated that it would be willing to operate within an SPV management company for the Town Stadium Complex if required. It is comfortable with a co-tenancy with another club, though the terms of this agreement would need to be developed to the club's satisfaction.
- 2.38 **HSRFC is considered an important and likely component of a new stadium complex for Hemel Hempstead**, as tenants from opening rather than only in a future year, based on its Championship aspirations and the limitations of the Pennine Way site. There is however unlikely to be scope for the club to contribute capital directly towards the delivery of the Town Stadium.
- 2.39 Securing HSRFC as Town Stadium tenants, could also help to attract other competitive rugby league matches to the ground, such as junior internationals or other representative games. This would also help to increase the Town Stadium's profile and deliver additional revenues.

SACFC

- 2.40 SACFC were not consulted at Phase I. However, given the location of the preferred site within St. Albans' current administrative borders and accessibility to St. Albans, pmpgenesis spoke to SACFC to understand its interest in a potential tenancy at the Town Stadium Complex.
- 2.41 SACFC is looking at the possibility of moving from its current Clarence Park home, which could meet National Conference requirements, but could not go higher. SCFC currently plays in the Conference South.
- 2.42 The Club is currently exploring possible sites within St Albans' district boundaries, but has suggested that it would be willing to explore the potential opportunities closer to Hemel Hempstead were a new Town Stadium Complex located there. SACFC has stated that it would look at a straight rental for the stadium, but under this scenario it would need to be able to generate sufficient commercial income to make the Club sustainable
- 2.43 HHTFC has expressed significant reservations about sharing the Town Stadium with another football club, as it fears that one club would be likely to be consumed by the other. Given this factor, and the project vision's aspiration that the stadium benefit local (i.e. Hemel Hempstead and Dacorum) teams, it is considered unlikely that SACFC will be a tenant of the new Town Stadium. A mix of rugby league and football also has the potential to deliver a fuller year-round programme of fixtures/event days and activity at the site.

Summary – potential Town Stadium tenants

pmpgenesis has engaged (again) with local professional/semi-professional clubs to determine and confirm their potential interest in a new stadium project, what their facility mix needs are, and under what financial/management terms they would pursue tenancy at, or ownership of, the stadium.

Conclusion

As a base position, and given the Vision developed for the Hemel Hempstead Town Stadium Complex at Phase I, the optimum tenant mix would include football and rugby league clubs – HHTFC and HSRFC.

Should St. Albans City FC come forward with a compelling financial offer the Council may wish to engage further with them as potential tenants at the Town Stadium. However, at this stage clubs currently based in Hemel Hempstead are considered the likely optimal tenants, while the winter/summer seasons maximises use of the Complex and its year-round appeal.

The Stadium should, as a minimum, meet the requirements of a Football League and National Rugby Championship ground, which are broadly comparable in any case. This should be supported by additional facilities for matchday and non-matchday revenue generation, particularly executive boxes that are sufficiently flexible for use by meetings of varying sizes, potentially through the use of movable walls.



Preferred team partners/tenants

HHTFC

HSRFC



Community sport strand

- 2.44 pmpgenesis' projections of demand for community sports facilities at Phase I were based on consultation (suggesting some existing latent demand) and more considerably on demand modelling based around projected population increases linked to the East of England Plan.
- 2.45 This exercise identified that the new population alone would generate sufficient demand for additional community leisure facilities. This additional demand could conceivably be met by public and/or private facilities. The demand analysis also was not site specific, i.e. it identified demand across Dacorum based on projected population increases at this level.
- 2.46 However, if the population increase is delivered (see Section 1 for an explanation of the current situation) it is highly likely to be focused in a development corridor to the east of Hemel Hempstead, and in the catchment area of the Town Stadium site identified at Phase I as the preferred option. Given the existing geographical spread of facilities, it is likely that an appealing, well-designed public facility at this site would appeal to this new market and beyond.

- 2.47 Since the completion of the Phase I study, the Council has engaged in analysis through Sport England's Facilities Improvement Service (FIS) to further investigate projected levels of demand for community leisure facilities in future years. This information has therefore been used to inform the refinement of the facility mix for the community sport strand, along with projections of revenue sustainability and further local consultation.
- 2.48 The key potential community sport facility mix components of the Town Stadium Complex are considered in turn below, in light of emerging information.

Sports halls

- 2.49 pmpgenesis' supply and demand analysis at Phase I of the project identified potential demand (to 2031) of c.5 badminton courts. In practical design terms, this equates to a 4 or 6-court sports hall. The Phase I work acknowledged at the time that there were high levels of current supply.
- 2.50 The FIS work undertaken in 2009 has further informed an updated projection surplus/shortfall of provision.
- 2.51 The audit completed as part of the FIS study identified the current supply as 70 badminton courts across 28 sports halls. There are nine sports halls (those larger than 3 courts) in Dacorum on eight sites providing for the needs of the wider community, although four of these facilities are on school sites with limited access.
- 2.52 Dacorum has 79.78sqm of sports hall space available per 1000 population. This is higher than the England average of 77.46sqm, similar to the East Region average of 79.03sqm, but less than the Hertfordshire average of 85.72sqm.
- 2.53 The FIS analysis was completed at the Borough level, rather than based around a particular site. The key findings of the FIS study were:
- there is a significant surplus of overall supply compared with demand (though this is less marked when 'comfortable' levels of use are considered) however hall quality might be an issue as the facilities age;
 - satisfied demand is very high compared with the average and therefore unmet demand is low. Most of this unmet demand is caused by the distance/time that residents have to travel to halls although approx 13% is due to lack of capacity at some halls, particularly the main pay and play facilities;
 - there is sufficient unmet demand in one location (Kings Langley) to justify the consideration of an additional hall;
 - overall throughput at existing halls is generally slightly below 'comfortable' levels of use, though some halls (mainly those run by SportSpace on a pay and play basis) are operating at or beyond their capacity;
 - accessibility to sports halls over the whole borough (and outside) is good for most local residents. Dacorum also imports some demand from outside of the Borough and therefore fulfils a wider than local function.
- 2.54 The Sports Facility Calculator is a planning tool which can help to project the amount of demand for key community sport facilities that is created by a given population. The Calculator has been created by Sport England to help local authorities quantify how much additional demand for key sports facilities is generated by population growth.

- 2.55 The FIS work has modelled alternative scenarios around both a moderate housing growth and a high housing growth, acknowledging the difference between the potential outcomes of the Regional Spatial Strategy (currently under review). On this basis, Dacorum currently has more sports hall space than the Calculator projects demand for.
- 2.56 The FIS projections, combined with pmpgenesis' Phase I analysis, suggest that there is likely to be limited additional demand for sports hall space in Dacorum and Hemel Hempstead to 2031. There is likely to be scope for quantitative shortfalls to be met, either fully or in large part, by increasing the accessibility to existing dual use sites outside of school hours.
- 2.57 Consultation at Phase I, supported by the FIS work, suggests that there is currently excess demand for public 'pay & play' sports hall provision, which could be delivered as part of the Town Stadium Complex, or via/in addition to agreements with schools in Dacorum. With the projected population growth focused around the east of the Borough, it is likely that any demand for sports halls space will also be centred in this area.
- 2.58 The current 'personal share' of facilities (i.e. the ability of Borough residents to access sports hall space) is noticeably lower in the east of the Borough at present, and this situation is likely to be exacerbated by future population growth. Kings Langley, to the south of the site identified as preferred at Phase I is identified by the FIS work as the only ward in which new sports hall provision is likely to be needed.
- 2.59 Although new provision (at the preferred site, rather than elsewhere in the Borough) may meet an identified local need, the delivery of sports hall space at the Town Stadium Complex is unlikely, based on industry knowledge, to contribute significant revenues to the development. While pmpgenesis would typically expect the sports hall component of a leisure centre to deliver an operating surplus, it is unlikely to be sufficient in its own right to service the debt necessary to deliver the built facility.
- 2.60 There is also potential that delivering a new 'pay & play' sports hall at the preferred site may have an effect on demand at the current SportSpace site. On this basis, it is considered that under both 'high' and 'low' population growth scenarios **sports hall space should not be included within the preferred facility mix at the Town Stadium Complex**. The Council could instead seek to increase the accessibility of school sports facilities to meet additional need.

Swimming pools

- 2.61 pmpgenesis' supply and demand analysis at Phase I of the project identified potential demand for swimming pool space to 2031, based on high population estimates provided at the time of the study. This calculation was completed pmpgenesis' in-house modelling assumptions, developed in conjunction with Sport England. The Phase I report projected that demand equivalent to 182 sqm of pool space would be generated by the new population.
- 2.62 This alone is not sufficient to merit the delivery of an additional 25m, 4-lane pool (200 sqm of water space), though consultation and strategic documents have suggested a potential need to invest in improving the quality of facilities.
- 2.63 The FIS work undertaken in 2009 has further informed an updated projection on the surplus/shortfall of provision.

- 2.64 The audit completed as part of the FIS study identified 23 pools in the Borough, of which eight are accessible to the public on a pay and play basis. Eight pools are available with a club membership, six pools are available for sports clubs/community association use and one further pool belonging to a school has no public access. Provision is largely focused around Hemel Hempstead, suggesting that the preferred site catchment is likely to be able to access existing provision.
- 2.65 The FIS analysis was completed at the Borough level, rather than based around a particular site. The key findings of the FIS study were:
- supply exceeds demand by about 130% and even taking into account comfort levels , there is at least twice the required capacity;
 - satisfied demand is 97%, which is almost as much as is possible and easily exceeds the national average; unmet demand is very low and not sufficient to justify any additional water space;
 - 25% of demand is imported from neighbouring local authorities to pools in Dacorum;
 - accessibility to pools by local residents is good and all residents have more than 2 pools available within a 20 minute drive and accessibility by foot within towns is also above average;
 - no pools are currently used at or near uncomfortable capacity level, suggesting excess supply;
 - there is sufficient water space at existing pools in Dacorum to meet demand within the Borough and areas bordering the Borough – additional pools are not required at the present time.
- 2.66 The FIS work has reported Sports Facility Calculator findings that project that there is not sufficient demand to merit the provision of additional swimming pool space, even assuming high levels of population growth.
- 2.67 The FIS projections, combined with pmpgenesis' Phase I analysis, suggests that there is not sufficient demand for pool space in its own right. Swimming pool provision is also highly likely to be a revenue drain since water space is costly to operate and does not generate sufficient income to cover these costs. Since affordability is a key consideration for this project, particularly given the high capital costs associated with delivering new pool provision, this suggests that a swimming pool should not be included in the facility mix for the Town Stadium Complex.
- 2.68 We would note however that the availability of pool space can encourage members to use an accompanying gym, selecting facilities with this provision in preference to health & fitness suites that are not complemented by swimming pool provision. This has the potential to increase gym membership levels, which in turn would boost total revenues. However, we consider it unlikely that delivering pool provision would deliver a sufficient benefit to the business plan to justify its inclusion on an economic basis.
- 2.69 There is also potential that delivering a new public swimming pool at the preferred site may have an affect on demand at existing pools. On this basis, it is recommended that **the Town Stadium Complex should not include a swimming pool within its standard facility mix** (under either growth scenario), though leaving scope for bidders to come forward with alternative proposals if they believe that its inclusion would result in a more sustainable scheme.

Synthetic Turf Pitches (STPs)

- 2.70 At Phase 1, pmpgenesis recommended the inclusion of STP provision as part of the Town Stadium Complex. It was acknowledged that there is scope and potential demand for this to be in the form of both full-size 3G (rubber crumb synthetic surface) and commercial 5-a-side pitches. The full size pitch is likely to be very valuable to the stadium tenant(s) and local Saturday/Sunday league clubs.
- 2.71 The audit completed as part of the FIS study identified three publicly available full-size floodlit STPs in Dacorum, one of which is on a school site and therefore in school use during the daytime (though we would note that there is likely to be limited public demand for synthetic pitches during these hours). Of the three, one is a sand-based pitch more suitable for hockey and recreational sport and two are 3G pitches primarily suited to football (and rugby). The pitches are all located to the west of Hemel Hempstead, with no provision centrally in the town or to the east, where the preferred site is located and for which the projected population growth is expected to be focused.
- 2.72 In addition to the three full size pitches there are three additional pitches which although are not full size do contribute to the facilities available for use in the Borough. One of these is in Hemel Hempstead and two are in Berkhamsted. However, these are not designated multi-pitch 5-a-side soccer centres in the style of a Goals/PowerLeague type facility.
- 2.73 The key findings of the FIS study were:
- per capita provision is broadly in line with the national average but relative share is 14% below the average. This latter figure takes into account pitches in neighbouring local authority areas and suggests that provision in the surrounding area is generally poor;
 - demand exceeds supply and capacity by about 50% (NB this is only based on full size pitches and does not include the demand met by 5-a-side pitches);
 - satisfied demand is only 60%, a figure which is lower than the national and regional averages; there is unmet demand equating to two pitches;
 - throughput at pitches is very high with 100% of capacity being used;
 - specific attention will need to be made to the STP needs of any new areas of significant growth over the next few years.
- 2.74 Analysing purely full size pitches in Dacorum, the overall provision of STPs is poor and there is significant unmet demand in the Borough, sufficient in total to justify two additional pitches. Berkhamsted and Hemel Hempstead are identified as being the most suitable locations for this new provision.
- 2.75 Ashlyns School in Berkhamsted has obtained planning permission to build a full size STP. As of early 2010, the school currently has obtained half funding for this from the Football Foundation and is involved in ongoing fundraising to obtain the other half. Even if delivered, there is likely to be sufficient further demand for an STP in Hemel Hempstead.
- 2.76 Through our consultation at Phase I, pmpgenesis is aware of the potential desire of HHTFC to deliver a small synthetic pitch in the car park of its current Vauxhall Lane ground. Given the site ownership/lease considerations at this site, pmpgenesis does not consider this project likely to be realised.

- 2.77 A new full-size 3G STP at the Town Stadium Complex would therefore have the potential to meet an identified need, offering a resource for the tenant club(s) and for the community. With the growth of small-sided football, pmpgenesis recommends that the inclusion of a purpose-built 5-a-side centre be considered alongside the full size STP. Both options are likely to be strong net revenue generators that can contribute to the overall deliverability and sustainability of the project, while driving throughput/participation and meeting an identified local demand.
- 2.78 On this basis, it is considered that **the Town Stadium Complex should provide both a full size 3G STP and a 5-a-side soccer centre** as part of the base facility mix. There appears to be demand for this type of facility under both 'high' and 'low' population growth scenarios.

Health & fitness

- 2.79 pmpgenesis' supply and demand analysis at Phase I of the project identified a shortfall of c.120 stations. The FIS work undertaken in 2009 has further informed the position on projected shortfalls of provision, and pmpgenesis has revisited our own analysis in light of new information on projected population.
- 2.80 The audit completed as part of the FIS study identified 667 total health & fitness stations in Dacorum, equivalent to c. 4.7 stations per 1,000 population. This analysis was completed at the Borough level, rather than based around a particular site. The key findings of the FIS study were:
- accessibility to health & fitness stations in Dacorum is very good (almost half of the available stations are provided by pay and play gyms);
 - Dacorum has fewer workstations than the regional average and considerably less than the average in Hertfordshire; and
 - consideration should be given to the possible need for more stations in Dacorum.
- 2.81 The FIS work projects that, to bring the number of stations in line with the national average (per capita) level would require an additional 83 stations. To bring the number of stations in line with Hertfordshire average (per capita) level would require an additional 176 stations. Both of these projections are based on the population remaining static.
- 2.82 The FIS work projects to 2019, and with both high and low population increases estimates that the shortfall could be between 100 and 200 health and fitness stations under the scenarios considered. This indicated significant present latent demand and projects further need in future years.
- 2.83 The FIS report notes that capacity ratios should be used with caution as they work on the simple basis that more stations are required and that Dacorum needs to increase its provision to come in line with the Hertfordshire average, rather than particularly responding to specific identified local need.
- 2.84 pmpgenesis' revised supply and demand modelling accounts for high and low population projections, to model the two most likely scenarios and form a view of likely demand for health & fitness stations. Under this, the high scenario (population at c.164,000) would generate demand for an 144 additional stations. The low scenario (population at c.142,000) would generate demand for an additional 48 stations.
- 2.85 This modelling, combined with the FIS projections, suggest that there is likely to be significant additional demand for health & fitness, and a Town Stadium Complex could hope to meet a large proportion of this future need.

- 2.86 As well as meeting an identified local need, health & fitness provision is likely to be the single largest revenue generator in the Town Stadium Complex. Providing large-scale facilities creates a critical mass and appeal and has the potential to generate important revenues.
- 2.87 On this basis, it is considered that **the Town Stadium Complex should deliver 100 health & fitness stations**. Even if the 'high' population figure is not reached, there is likely to be significant latent demand. On this basis, pmpgenesis would recommend that this number of stations be included in the mix regardless of the level of population growth, as a base assumption.
- 2.88 Even if only the lower population projection is reached, we would still recommend that through effective marketing and pricing that a facility of this size could still expect to attract members and prove highly competitive.

Other sport and leisure facilities

- 2.89 pmpgenesis has also considered the potential to include additional sport and leisure facilities in addition to the more standard leisure centre mix of wet and dry leisure. This has included facilities such as an indoor cricket centre, as raised in consultation.
- 2.90 We would recommend that adding additional facilities, particularly those designed for more niche activities and without sufficient flexibility to accommodate and attract wider use would constitute a risk to the sustainability of the project, due to concerns that facilities might be unused or rarely used despite the capital outlay.
- 2.91 This risk is likely to be costed into the management of the Town Stadium Complex by any operator bidding for the contract. On this basis, we would not recommend that the project include more specific, niche sports activities (though there might be a local 'need' expressed through consultation) provision in the base mix.
- 2.92 Should the ultimate operator consider that such provision would benefit the overall business case at the procurement phase, we would encourage the Council to consider solutions that would result in a more sustainable, and widely used, scheme. At this stage however, the capital costs and business plans prepared by the pmpgenesis team do not include these facilities.
- 2.93 Based on the recommended inclusion of a significant health & fitness gym at the Town Stadium, we would also recommend that a flexible studio space be delivered. Serviced by the same entrance and changing accommodation as the gym, a dance studio would be able to host fitness classes like yoga, pilates, boxercise and circuits.
- 2.94 By delivering two flexible 10m x 10m rooms with sprung floors, the Complex will deliver spaces that can accommodate a range of fitness classes and respond to market changes. These spaces have the potential to appeal to members of the gym and to casual users, and in so doing contribute to the overall revenue generation of the Town Stadium Complex. This provision is also deliverable at relatively little capital cost.
- 2.95 On this basis, **the Town Stadium Complex should include two 10x10m dance studios**.
- 2.96 Consultation has suggested that there is demand for additional/improved facilities for netball, particularly outdoor hard courts. As a base position, we have assumed that this need might instead be met through investing in and improving existing provision at facilities elsewhere in Hemel Hempstead – such as the outdoor courts at Hemel Hempstead Sports Centre, Adayfield School and Longdean School Sports Centre. The shortcomings of these facilities are identified in Netball in Dacorum: A Vision for the Future (June 2009).

- 2.97 The 'Priority Actions' identified by this document are primarily focused around looking at opportunities to refurbish or upgrade existing facilities, scope to make more time available at indoor sports halls for whole club training nights for the four key clubs in Dacorum, and the provision of more twilight indoor court capacity at Hemel Hempstead Sports Centre.
- 2.98 The secondary priorities of the document include developing a proposal for a Dacorum Netball Centre in Hemel Hempstead, which might be based on one of the refurbished or upgraded facilities (if delivered) identified above. The Netball Centre will need to be a Category 3 floodlit four court outdoor plus one indoor court facility with changing rooms, teaching rooms, and parking.
- 2.99 There may be some synergies with the Town Stadium Complex if this cannot be accommodate elsewhere. However, this future need is likely to be generated if the demand is created from further development in Dacorum, using refurbished/improved and accessible facilities.
- 2.100 At this stage it is not clear that there is sufficient demand to justify a purpose-built facility for netball, though the Council may wish to monitor this as the project develops.

Enabling development

- 2.101 At Phase I, the analysis completed by DTZ identified potential demand for some forms of enabling development to contribute to the overall capital cost of the project.
- 2.102 Given the constraints (size, topography, and particularly ownership) on the preferred site it may be difficult to deliver enabling development at this location. Previous work has, however, highlighted the site's good visibility and access, and therefore potential appeal for commercial uses.
- 2.103 Given that the preferred site is owned by Crown Estate, the Council would need to purchase additional land (beyond the stadium footprint requirement) in order to secure enabling development on the site. Given the risk associated with such an approach, we would not expect the Council to adopt this approach, instead leaving Crown Estate to develop and lease/sell commercial space on its wider site.
- 2.104 We would note that enabling development need not be on the Town Stadium Complex site, and that enabling funding could be channelled from development elsewhere in the Borough if opportunities arise.
- 2.105 There may be scope for the Council to realise some planning gain from the HCA-owned Vauxhall Road (HHTFC) and Pennine Way (HSRLC) sites, dependent on the relocation of clubs to the new facility. This funding could then potentially be channelled towards the Town Stadium Complex.
- 2.106 However, under some of the site plan options developed, there may be scope for some enabling development at the north of the site, with frontage along Breakspear Way. At this stage, we have not included a capital cost for this, nor have we assumed a commercial revenue. In the interests of prudence, enabling development has not been included in the business plan.

Summary and facility mix for business planning

- 2.107 Further analysis has refined the stadium and community sport strands of the Town Stadium Complex. This has been based on projected need, consultation, and analysis of the revenue contribution/cost of each element of the mix.

- 2.108 On the basis of this further analysis, it is recommended that the facility mix set out below be further evaluated for its overall capital deliverability and revenue sustainability. The community leisure strand is a variation of that put forward as Option 2 and Option 3 at Phase I. The stadium strand is a refinement of Option C as put forward at Phase I.
- 2.109 We would note that, in any procurement exercise, there should be scope to encourage bidders to come forward with proposals that are more financially advantageous and sustainable, to deliver best value from the project.
- 2.110 At present, we have not included commercial office space in the facility mix, though there is potential scope for this to be built into the stadium design in a cost-effective manner. This would ideally be linked to the RFL's potential aspirations to establish a base in the region.

Community Leisure strand	Stadium strand
<ul style="list-style-type: none"> 1 full size 3G STP 8 pitch outdoor Goals/ PowerLeague style facility 100 station H&F suite 2 10x10 dance studios Associated changing F&B (café) Office/ operations space 	<ul style="list-style-type: none"> 5,000 capacity sports stadium, to meet Football League (and RFL) criteria and include: <ul style="list-style-type: none"> a minimum 2,000 covered seats function room/corporate hospitality provision club offices
Indicative footprint:	Indicative footprint:
15,000 sqm (plus c.180 parking spaces)	14,000 sqm (plus c.330 parking spaces)
Projected capital cost (if built as standalone facility):	Projected capital cost (if built as standalone facility):
£4.9 million	£5 million

Capital cost projections

- 2.111 Past project experience and best practice illustrate opportunities to realise capital savings through building community facilities (including sports facilities) into stadia. Specific examples of new or refurbished stadia incorporating wider uses, and the cost savings realised, are set out below.

Example Stadium 1

Facility	Standalone cost of equivalent facility	Cost of facility within stadium	Comparative saving
Healthcare (2,500 sq m)	£4,750,000	£2,750,000	42%
Leisure & recreation – gym (1,800 sq m)	£2,700,000	£1,350,000	50%
Leisure & recreation – museum (4,000 sq m)	£13,600,000	£8,000,000	40%
Conference & banqueting (650 sq m)	£1,365,000	£665,500	52%

Example Stadium 2

Facility	Standalone cost of equivalent facility	Cost of facility within stadium	Comparative saving
Healthcare (2,150 sq m)	£4,085,000	£2,365,000	43%
Office space (700 sq m)	£1,050,000	£490,000	53%
Conference & banqueting (1,050 sq m)	£2,205,000	£1,115,500	48%

Example Stadium 3

Facility	Standalone cost of equivalent facility	Cost of facility within stadium	Comparative saving
Office space (825 sq m)	£1,237,500	£577,500	55%
Leisure & recreation – gym (230 sq m)	£345,000	£172,500	50%
Education (1,000 sq m)	£1,250,000	£700,000	44%
Conference & banqueting (1,500 sq m)	£3,150,000	£1,650,000	47%

- 2.112 On this basis, we have conservatively assumed that there is potential to realise a 30% saving on the dance studio, health & fitness, and changing elements of the scheme, by building them into the stadium. There may also be scope to incorporate the 5-a-side football pavilion into the main stadium and realise a further saving. However, in the interests of prudence we have assumed that this will be provided, and costed, separately to provide maximum flexibility of operation.
- 2.113 The component elements of the preferred option are therefore shown below. This capital cost excludes parking (save for spaces delivered by 5 a side centre) and land acquisition.

Indoor leisure	5 a side centre	3G STP	Stadium	Projected Complex cost
£1,683,990	£2,000,000	£600,000	£5,000,000	£9,283,990

- 2.114 Assuming that an operator/developer partner meets the capital cost of the 5 a side soccer centre (and receives the revenue from this facility, this reduced the overall cost of the preferred option by £2 million.

Total projected capital cost – preferred option

£7.3 million

3. Management and procurement

03

Background

- 3.1 The Council is keen to understand how the project might be procured and delivered, and the likely optimum management and ownership structure for the Town Stadium Complex. This section addresses these considerations and advises on potential solutions.
- 3.2 It is likely that there will be multiple stakeholders involved with the project given the different strands being brought together. At Phase I, and again through this stage of work, a facility mix has been identified that could potentially bring together more than one club, plus community leisure, and commercial 5-a-side.
- 3.3 How the Town Stadium Complex is owned and operated will be crucial to ensure the overall vision is delivered. The Complex building and freehold is assumed to be owned by the Council and that a lease would be entered into for the operation of the Stadium and community facilities.
- 3.4 We have considered four main options for the ongoing operation of the Stadium complex with each of them having a number of sub options. The main options are:

Option	Description
Option A - Direct Management by the Public Sector	The Council owns and operate the Stadium with the Clubs having tenancy/licence agreements.
Option B – Management Contract	The Council enters into a Management Contract with a commercial operator or trust and the Clubs have tenancy/licence agreements
Option C - Tripartite Company	The Complex is leased to a Tripartite Company involving the Council and Football/Rugby Clubs.
Option D - Club Operation	The Complex is leased to the Clubs who then operate the Complex.

- 3.5 Appendix A illustrates the key options and summarises the key advantages and disadvantages of the various options.

3.6 In considering which of the options would deliver the vision of the town stadium complex we have assumed the following key principles will need to be delivered:

- The operator should seek to maximise the use of the stadium by both community and commercial activities and events, to develop a 7 day a week/52 weeks a year operation.
- Financial sustainability is a key priority and the operating structure should seek to ensure the Stadium operation is self sustaining
- The public sector will want to ensure that the Stadium is well maintained and has reinvestment as required through the identification of a sinking/lifecycle fund

3.7 We recommend that the Tripartite company as illustrated below would be the most likely to deliver the principles set out above.

Figure 3..1 Tripartite Company Operation



3.8 It is expected that the model shown above would be based on the following principles:

- The company would receive a long lease from the Council on the Stadium of at least 99 years and pay a rent to the Council
- The aims of the company will be to deliver a sustainable stadium which maximises the commercial and community uses
- Surpluses should be available to reinvest in the Stadium and also benefit the shareholders of the Stadco (Clubs and Public Sector)
- Losses on the Stadium should be borne by the Tripartite Company and in the event of default the lease for the Stadium reverts back to the Council ownership.

- 3.9 The tripartite company will we believe enable the Council to deliver its key objectives whilst retaining the core objectives and protection of the asset.
- 3.10 Within this structure there is also the potential that the tripartite company would seek to enter into a contract with either a commercial operator or trust (such as SportSpace) to deliver the community sport and leisure facilities. As a result we have undertaken a soft market testing exercise to assess the likely interest, the findings of which are set out below.

Soft market testing

- 3.11 The Audit Commission's 2006 report 'Public Sports and Recreation Services' identified market testing as one of the key elements of good practice in the management of public sector sports and recreation facilities.
- 3.12 As part of this phase of the study we have carried out soft market testing with the leading national private leisure management contractors, leisure trusts (regionally and locally), HHTFC and commercial 5 a side operators to assess the level of market interest in managing the Complex, or parts of the Complex.
- 3.13 The principal aims of the soft market testing were to identify:
- the level of market interest in a potential contract to operate the Town Stadium Complex;
 - the preferred package of facilities to generate maximum market interest;
 - the potential for capital investment as part of the contract if required;
 - the ideal length of contract that should be procured.
- 3.14 This has included:
- Sport Space, and other Leisure Trusts operating locally
 - Private leisure operators
 - Commercial football operators (eg Goals, PowerLeague)
 - The prospective tenant clubs.
- 3.15 The full findings of this soft market testing exercise are presented in Table 3.1 overleaf. The exercise has revealed high levels of market interest in the project, in large part because the facility mix offers such strong commercial opportunities. Several leisure operators also expressed an interest in providing facilities management for the stadium itself (i.e. not solely the health & fitness and 5 a side components). This is considered very positive and provides opportunities to develop alternative management models which best maximise the deliverability and sustainability of the project.
- 3.16 There is likely to be scope to also introduce capital to the project. This might take the form of an up-front contribution from an operator, or alternatively the Council could opt to use a guaranteed income stream (COI) against which to use prudential borrowing. This would have the potential to generate significant sums to contribute towards the delivery of the project.

Table 3.1 Soft market testing findings

Potential Bidder	Expected interest	Preferred contract length	Potential for capital investment	Additional Comments
Private Leisure Management Contractors				
DC Leisure John Bates (Head of Business Development)	High	Flexible, though likely to prefer 5+ years	Yes, depending on nature and length of contract	Sounds like a good facility mix and have experience of operating leisure facilities in stadiums at the Withdean (Brighton) and Kingsmeadow (now AFC Wimbledon). Would be interested in taking on the whole stadium, FM etc.
Parkwood	N/A	N/A	N/A	Did not respond to efforts to contact them.
SLM Craig Mulhall (Business Development Manager)	High	10+ years	Yes, depending on nature and length of contract	Important to SLM across all its contracts is location to other contracts (ie not too isolated) and Watford and East Herts are not too far away. They have previously bid for this type of facility. Have previously bid for stadium-related projects (eg Brighton). Facility mix is positive for generating a surplus due to lack of a pool.
Leisure Connection Lisa Harrison (Head of Business Development)	High	Flexible to approach	Yes, depending on nature and length of contract	The facility mix would be ideal. The bid could be led by their fitness team due to the focus of the facility mix and the need to return a profit. Inclusion of the stadium FM element is not ideal for them but is not a deal breaker. They would use a sub-contractor. Leisure Connection has been involved in stadium operations in Edgbaston and Crystal Palace although they have not done anything of this size.
Serco Ian Phelps (Chief Executive)	High	Flexible to approach	Yes, depending on nature and length of contract	Very interested in this opportunity if the FM is included as not many trusts would be able to offer this. Serco could bid using their trust model. If only the leisure is offered they would probably not bid as this would be too small on the assumption that SportSpace would also bid. They have other contracts nearby (eg Aylesbury Vale) which helps.
Power League	N/A	N/A	N/A	Did not respond to efforts to contact them.
GOALS Soccer Centres	N/A	N/A	N/A	Did not respond to efforts to contact them.

Potential Bidder	Expected interest	Preferred contract length	Potential for capital investment	Additional Comments
Leisure Trusts				
Dacorum Sports Trust Dave Cove (Managing Director)	High	Flexible depending on whether capital invested. Prefer to link to existing contracts in Dacorum (run to 2025 and 2031)	Scope for capital investment as have facility to borrow. Also potential for the Council to use a guaranteed rental stream to fund prudential borrowing	Interested in exploring opportunities to manage Stadium too (with clubs potentially as tenants) to realise rates savings.
Fusion Tim Mills (Director of Business Development)	High	Likely to prefer 10+ years	Depending on length and terms of contract	Fusion would be interested in Hemel as they have Enfield (potentially) and Hounslow contracts fairly close and the facility mix is good, however Fusion would not necessarily be best-placed to offer a full stadium management / FM service. There is a slight concern about the presence of a local trust already in the borough but this would not necessarily put Fusion off bidding.
Nuffield Health Dan Law (Head of Business Development)	Medium	Likely to prefer 10+ years	Depending on length and terms of contract	The complexity of the relationship of working with other professional / semi-professional sports teams makes things tricky and Nuffield may decide that it is not worthwhile for a single site. Issues including agreeing rights and responsibilities for access and egress, car parking, R&M etc. Have experience of doing this at York with a rugby league club and have faced issues. Although these issues are not insurmountable, they make the project less attractive.
Greenwich Leisure (GLL) Justin Jardine (Head of Development and Partnerships)	Medium	Likely to prefer 10+ years	Depending on length and terms of contract	Potential interest through a partnership structure where they partner with a local trust – GLL provides the head office function and the local trust provides the day to day management.
Nexus Rick Durrant (Managing Director)	Medium-High	If no investment is required, is scope to be flexible and reduce minimum contract period.	Yes, though would expect Council borrowing to offer a better route given that facility mix is commercial in nature.	Nexus' interest is likely to be affected by timeframe and ability to be involved in the design process to ensure that the design of the Complex works for them operationally. They would be keen to move into stadium management and, though they do not have experience in this field, they could look to bring it in.

Potential Bidder	Expected interest	Preferred contract length	Potential for capital investment	Additional Comments
Stevenage Leisure Geoff Caine (Business Development Manager)	Medium-High	Happy to be flexible.	Not considered likely to be the optimum approach, but they could consider it.	Work in Hertfordshire and Bedfordshire at the moment so have a local presence, and would be keen to explore the opportunity to manage the Town Stadium Complex, including potentially the stadium element as well as the community use. This interest would be contingent on SportSpace not being interested in/bidding for the contract.
MyTime	Medium	Potential to be flexible around contract length	Depending on length and terms of contract	Awaiting further comments.
Other				
Hemel Hempstead Town FC	High	Length of tenure needs to satisfy league/NGB requirements	Potential for capital donation from if club's needs are met	Currently manage Vauxhall Road site. Happy to be flexible in approach (eg tripartite model) as long as retain opportunity to secure some commercial benefit to support the club's business plan. It is key that the Stadium affords them the opportunity to generate revenues to support HHTFC's development, if they are to be involved with the project. They do not have any experience of operating any other leisure facilities, save for hosting functions/weddings at current ground.
Hemel Stags RFC	Medium	Length of tenure needs to satisfy league/NGB requirements	No (though Council could consider potential to sell part of Stags' current ground to generate receipt)	Very interested in a tenancy, but potentially less suited to a senior role in managing the facility. Happy to be flexible in approach (eg tripartite model) and involvement, so long as needs are met through a tenancy/groundshare. Do not have any experience of operating stadia (Pennine Way does not qualify) though current ground does include some leisure facilities.

4. Business planning

04

Introduction

- 4.1 This section of the report provides an appraisal of the deliverability and sustainability of the preferred facility mix, as set out at Section 2. It is essential that the proposed Town Stadium Complex is deliverable in capital terms and is operationally sustainable.
- 4.2 pmpgenesis has prepared a detailed business plan based on the preferred mix, updating and refining the assumptions that informed the business planning exercise at Phase I to ensure that they represent the current climate.

Assumptions

- 4.3 The key assumptions informing the business plan are:
- The preferred facility mix put forward at Section 2 is delivered;
 - An annual rent of £8,250 from HHTFC to the operator of the wider complex, in line with their current arrangement at Vauxhall Lane. While lower than the value that could be realised from more commercial use, and indeed slightly lower than the rental paid by teams at similar levels of the football pyramid, HHTFC's involvement and continued solvency is key to the project and therefore should not be compromised unduly by seeking a higher rental;
 - An annual rent of £8,250 from HSRFC to the operator of the wider complex, to match the financial commitment of HHTFC
 - HHTFC/HSRFC to incur all costs involved with the operation of the stadium bowl and spectator seating areas on both matchdays (including stewarding) and non-matchdays;
 - A conservative £30,000 rental payment (based on 50+ years lease) from an operator of the 5 a side facility, who will also provide the capital for this element of the project and be responsible for all running costs and maintenance
 - Three 3G crumb recycles at £1,500 per annum, plus £2,500 floodlight bulb replacement per annum
 - No naming rights have been included, though this might provide an additional revenue stream;
 - No capital cost included for operational parking spaces, or for wider parking provision for matchday use
 - No rental cost has been assumed for the lease of the site
 - HHTFC to retain all income from function suite provided as part of the stadium build;
 - Leisure pricing as per existing charges for sports facilities and memberships in Hemel Hempstead;

- All costs and income are based upon Q2 2010 prices, with inflationary uplift in future years not modelled;
- Mature year of operation reached in Year 5
- Equipment leased
- No income from car parking.

Business plan projections

- 4.4 Table 4.1 overleaf provides a summary of the projected financial operations of the Town Stadium Complex.

Table 4.1 Town Stadium Complex financial summary

INCOME	Year				
	1	2	3	4	5
Rentals	39,574	39,574	39,574	39,574	39,574
Outdoor Facilities	112,903	112,903	112,903	112,903	112,903
Health and Fitness	478,040	671,840	736,525	766,321	766,321
Secondary	20,643	27,164	29,271	30,324	30,324
TOTAL INCOME	651,160	851,482	918,273	949,122	949,122
EXPENDITURE	Year				
	1	2	3	4	5
Staffing Costs					
Salaries and Wages	270,569	270,569	270,569	270,569	270,569
Premises					
Utilities	87,424	87,424	87,424	87,424	87,424
Repairs and Maintenance	43,616	43,616	43,616	43,616	43,616
Grounds Maintenance	18,308	18,308	18,308	18,308	18,308
Cleaning	3,662	3,662	3,662	3,662	3,662
National Non-Domestic Rates	100,000	100,000	100,000	100,000	100,000
Life-Cycle Costs	30,071	30,071	30,071	30,071	30,071
Premises	283,081	283,081	283,081	283,081	283,081
Advertising & Marketing	31,279	21,287	22,957	23,728	23,728
Administration					
Insurances	6,014	6,014	6,014	6,014	6,014
Printing, Postage and Stationery	2,706	2,706	2,706	2,706	2,706
Telephones	2,706	2,706	2,706	2,706	2,706
Other Administration	8,117	8,117	8,117	8,117	8,117
Other supplies and sundry items	19,535	25,544	27,548	28,474	28,474
Cost of Sales - Secondary Income	10,321	13,582	14,635	15,162	15,162
Other Costs					
Central Costs	32,558	42,574	45,914	47,456	47,456
Irrecoverable VAT	4,587	4,925	5,125	5,218	5,218
Contingency / Profit	32,558	42,574	45,914	47,456	47,456
Other Costs	69,703	90,073	96,952	100,130	100,130
TOTAL EXPENDITURE	754,031	773,679	785,285	790,686	790,686
NET OPERATING SURPLUS / (COST)	(102,871)	77,802	132,988	158,436	158,436
NET OPERATING SURPLUS / (COST) excluding life-cycle costs	(72,800)	107,873	163,059	188,507	188,507

- 4.5 Any profit generated by the Town Stadium Complex should be used to reinvest in the facilities, and where appropriate, distributed to the Stadco shareholders (Council, HHTFC and HSRFC) according to a distribution schedule based on their shareholding in Stadco under its terms of incorporation.

Affordability

- 4.6 The business plan for the Town Stadium Complex suggests that the facilities will generate a profit and that in a mature year this has the potential to be in the region of £160,000 (after lifecycle costs). Based on using prudential borrowing (using an assumed multiplier of 16 realised on other projects with which pmpgenesis are familiar), this could secure a capital contribution of circa.£2.5m towards the project. This is subject to further discussions with the Council to determine their appetite for this type of approach.

Table 4.2 Projected capital cost of Town Stadium Complex preferred option

Indoor leisure	5 a side centre	3G STP	Stadium cost	Projected Complex cost
£1,683,990	£2,000,000	£600,000	£5,000,000	£9,283,990

- 4.7 This capital cost excludes parking (save for spaces delivered by 5 a side centre) and land valuation.

- 4.8 Table 4.3 below shows the projected funding for, and shortfall of, the Town Stadium Complex.

Table 4.3 Projected capital shortfall for Town Stadium Complex preferred option

	Total capital cost (£m)	5 a side soccer centre contribution (£m)	Prudential borrowing (£m)	Shortfall (£m)
Preferred option	9.28	2.0	2.50	4.78

- 4.9 Assuming a £2m contribution from a 5 a side operator/developer partner, and using prudential borrowing against the full projected surplus of the Complex, the capital shortfall for the Town Stadium is projected to be c.£4.78m. As previously noted, we have not assumed that the Council/project will develop any commercial space which could otherwise have acted as enabling development, since this would increase the Council’s exposure to risk.
- 4.10 As previously noted, HHTFC has indicated that it would be willing to contribute £1m towards the project, provided HHTFC’s interests were protected. Were this contribution to be made, the Council/stadium operating company would need to develop the terms of this donation.
- 4.11 We have not assumed any further contribution from HCA based on the development of Vauxhall Road, tied to the departure of HHTFC from the site. However, we would note that there is scope for the Council to steer development contributions from this site, and from others in the Borough, towards the Town Stadium Complex.

Summary

- 4.12 This section of the report has reported the findings of the updated and revised business plans from Phase I of pmpgenesis' work with the Council. This has included updating the assumptions in the business plan to account for the current climate (e.g. increasing that VAT rate from the 2009 rate of 15% to the 2010 rate of 17.5%) and importantly refining the facility mix to reflect the preferred position.
- 4.13 This exercise has allowed pmpgenesis to present the Council with an updated, detailed review of the preferred project's likely sustainability and deliverability, and a comparison with the revised capital cost projections to be produced.
- 4.14 The business plan for the Town Stadium Complex suggests that the facilities will generate a profit and that in a mature year this has the potential to be in the region of £160,000. Based on using prudential borrowing this could secure a capital contribution of c.£2.5m towards the project. This is subject to further discussions with the Council to determine their appetite for this type of approach.
- 4.15 It is also assumed that a private sector partner would fund the development of the 5 a side soccer facilities (i.e. eight 5 a side pitches plus changing pavilion). This would leave a capital funding gap of £4.78m.
- 4.16 There are further opportunities for the Council to close the funding gap, in order to deliver this important project. These particularly include a donation from HHTFC, using development contributions from HCA at Vauxhall Road and other sites in the Borough, and the sale of a portion of HSRFC's Pennine Way site, although this is currently classified as open land and is likely to stay as such.

5. Site assessment

05

Background

- 5.1 At Phase I, the pmppgenesis team completed a headline analysis of potential sites. This included looking at the broad areas of Hemel Hempstead to maximise the impact and sustainability of the project. These conceptual areas were:
- South West Hemel Hempstead;
 - North West Hemel Hempstead;
 - Hemel Hempstead Town; and
 - East Hemel Hempstead.
- 5.2 The latter two areas, and East Hemel Hempstead in particular, were considered most suitable for a Town Stadium Complex based on the project vision, and on the site characteristics needed for the Complex to be successful. Within these areas, the pmppgenesis team completed assessments of the following sites:
- M1 site(s) south of A414 (awarded a score of 46 out of 60, **RANK: 1**)
 - Lucas Sports Ground (awarded a score of 44 out of 60, RANK: 2)
 - M1 site(s) north of A414 (awarded a score of 41 out of 60, RANK: 3)
 - Pennine Way (awarded a score of 33 out of 60, RANK: 4)
 - Chaulden Lane (awarded a score of 30 out of 60, RANK: 5)
 - Vauxhall Road (awarded a score of 26 out of 60, RANK: 6)
 - Pancake Lane (awarded a score of 23 out of 60, RANK: 7).
- 5.3 The Phase I work determined that the existing home grounds of the town's clubs offer limited scope for the scale of development necessary to deliver a project as envisaged by the Council and key stakeholders, although acknowledged that there may be some opportunities at Chaulden Lane and Pennine Way depending on the ultimate facility mix taken forward.
- 5.4 The site opportunities best suited to maximising the impact and benefit of the Town Stadium Complex are considered to be those in close proximity to the M1/A414 junction – both the immediate sites and Lucas Sports Ground.
- 5.5 The area of land immediate north of the M1/A414 junction has been excluded from analysis as it is not considered capable of accommodating the Town Stadium Complex. This is due to its proximity to the Buncefield oil terminal. It may however be suitable for use for matchday stadium parking, to complement the operational parking spaces on the site itself.

Preferred site

- 5.6 At Phase I, the area to the east of Hemel Hempstead town centre was identified as the area offering the greatest potential to meet the needs of the project, based on a series of factors including access, visibility, and catchment.
- 5.7 The East Hemel Hempstead area exhibits a number of the key criteria deemed essential to the success of the Town Stadium Complex. Most notably, these include visibility and accessibility (with the adjacency to the M1), and a large potential future catchment population with the new residential development nearby. Also importantly, any community sport delivered at this site would be more likely to complement provision at Hemel Hempstead Sports Centre and serve an identified future need, and thereby not compete unduly with the existing Council-owned site in the town.
- 5.8 In light of these considerations, a site immediately south of the junction between the A414 and the M1 was identified as the preferred location for the Town Stadium Complex. The Phase I report concluded that moving the complex significantly further north or south of the junction would potentially reduce its appeal and effectiveness.
- 5.9 The area to the east of Hemel Hempstead, close to the M1, falls outside the administrative border of Dacorum. The RSS originally identified potential development in the corridor between the M1 and the town – both for residential and employment growth – which if delivered could potentially give rise to an amendment in administrative borders between Dacorum and St. Albans.
- 5.10 For this reason, the area was considered for potential outline suitability at this stage.
- 5.11 The site is however in an area currently designated as Green Belt land, and St. Albans has stated that it will not consider development in this corridor as shown by its challenge to the RSS.
- 5.12 Given the question marks over population projections and the engagement of St. Albans in the process (discussed in Section 1) in particular, the Council was keen to further investigate the suitability of the sites identified at Phase. With a preferred facility mix identified, the Council can also be confident about land take and physical fit on site(s).
- 5.13 In order to progress exploration of this site, issues around site ownership, planning considerations and topography need to be resolved.

Site size and topography considerations

- 5.14 SportConcepts has developed a series of configuration options illustrating site massing and physical fit on the preferred site. This has included overlaying designs on the site with Ordnance Survey (OS) plans and acknowledging the topography of the site (slope from north to south) and the opportunities and potential problems that this raises.
- 5.15 The Phase I report identified that the site's topography might cause some problems for the Town Stadium Complex due to the costs associated with levelling. Further analysis of OS data has suggested that the gradient need not be prohibitive, although there will be a cost associated with levelling parts of the site to make them suitable for development. The preferred mix, under each design option, fits on the area of land identified by Crown Estate in its previous indicative masterplanning work as a potential site for a stadium.
- 5.16 Three base options (1a, 2a and 3a shown overleaf) show the preferred facility mix with c.180-200 car parking spaces to service the health & fitness gym, STP and the 5 a side facilities. This is the level of operational car parking required to service the community (i.e. non matchday) use of the Complex.

- 5.17 These options illustrate that the preferred mix fits well on the site, and that there is sufficient scope, if required, to deliver additional car parking spaces (i.e. beyond the operational/customer requirements of the community sport and leisure uses) for the stadium on matchdays and for potential Park & Ride use.
- 5.18 Alternatively, this additional parking (c.330 spaces based on one space per 15 seats, plus extra for wider Park & Ride use) could be delivered on the land north of the junction, taking account of health and safety advice from the Health & Safety Executive (HSE). These spaces could be linked to the Town Stadium Complex via a simple bridge over Breakspear Way, and might allow the Council to capitalise on what would be likely to be cheaper land prices given the restrictions on this site.
- 5.19 The orientation of outdoor playing areas is an important planning consideration. The time of day (early morning or late afternoon) as well as the time of year (winter or summer) in which competition takes place has a bearing on optimum orientation. As more games are played under floodlights however, this becomes less of an issue.
- 5.20 Under all options the playing surface runs north-south, and the main stand is to the west of the pitch, along the touchline. This helps to mitigate the effects of the sun setting in the west and provides the largest stand in a position to maximise premium seating spots/views. In the proposed layout options it also serves to open up the community facilities contained in the main stand to the parking and the rest of the site.
- 5.21 The full options are shown at Appendix B.

Figure 5.1 Town Stadium Complex layout Option 1a

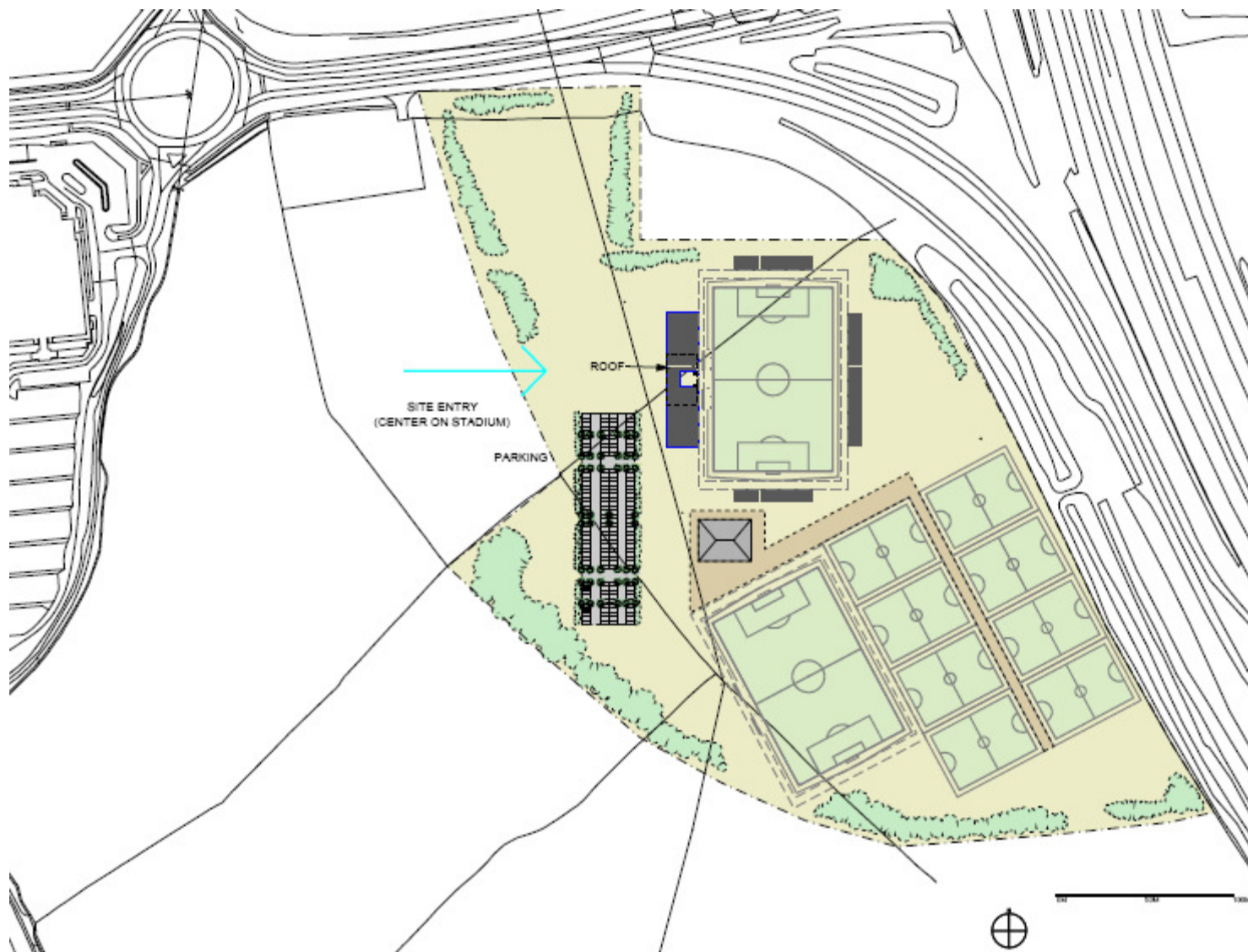


Figure 5.2 Town Stadium Complex layout Option 2a

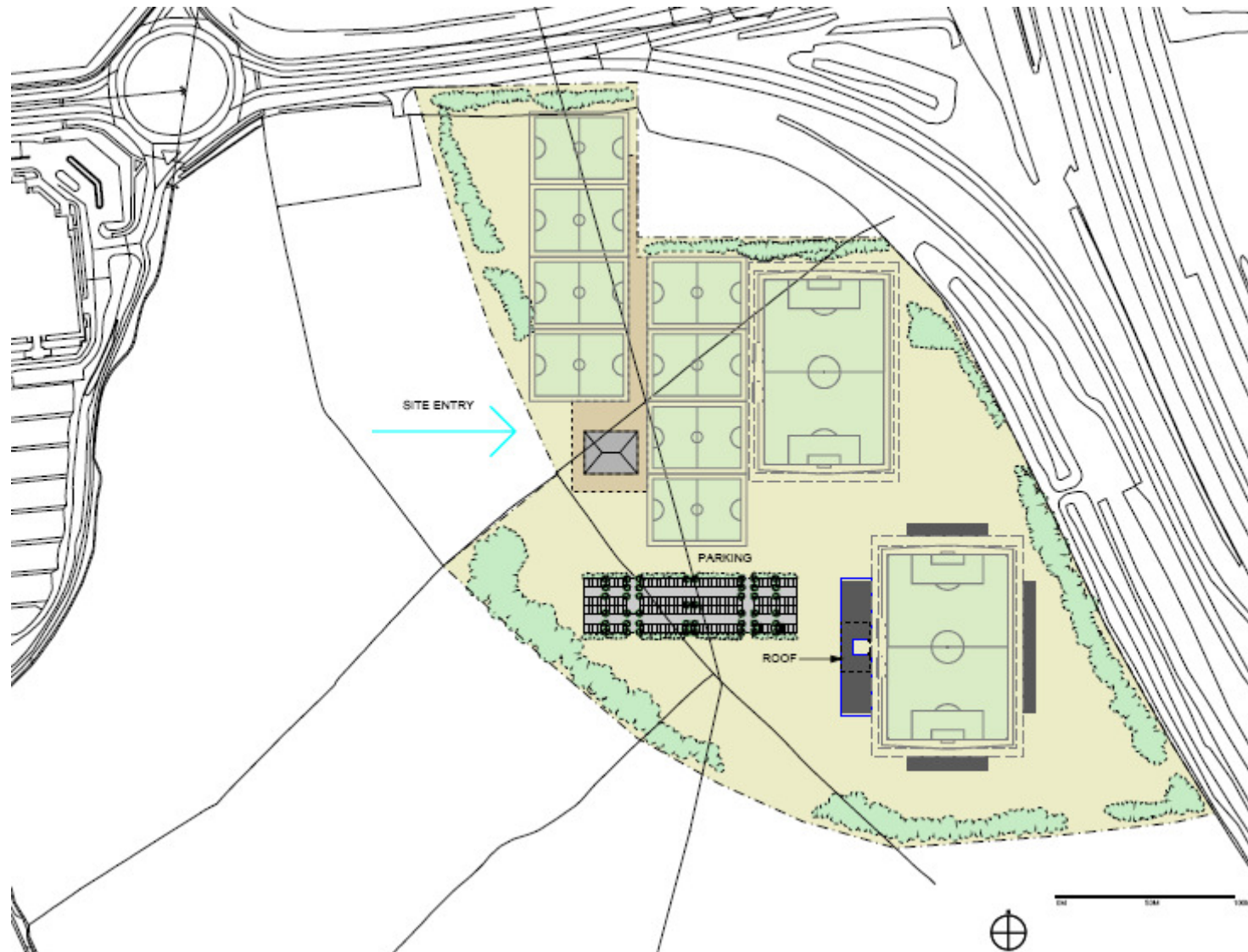
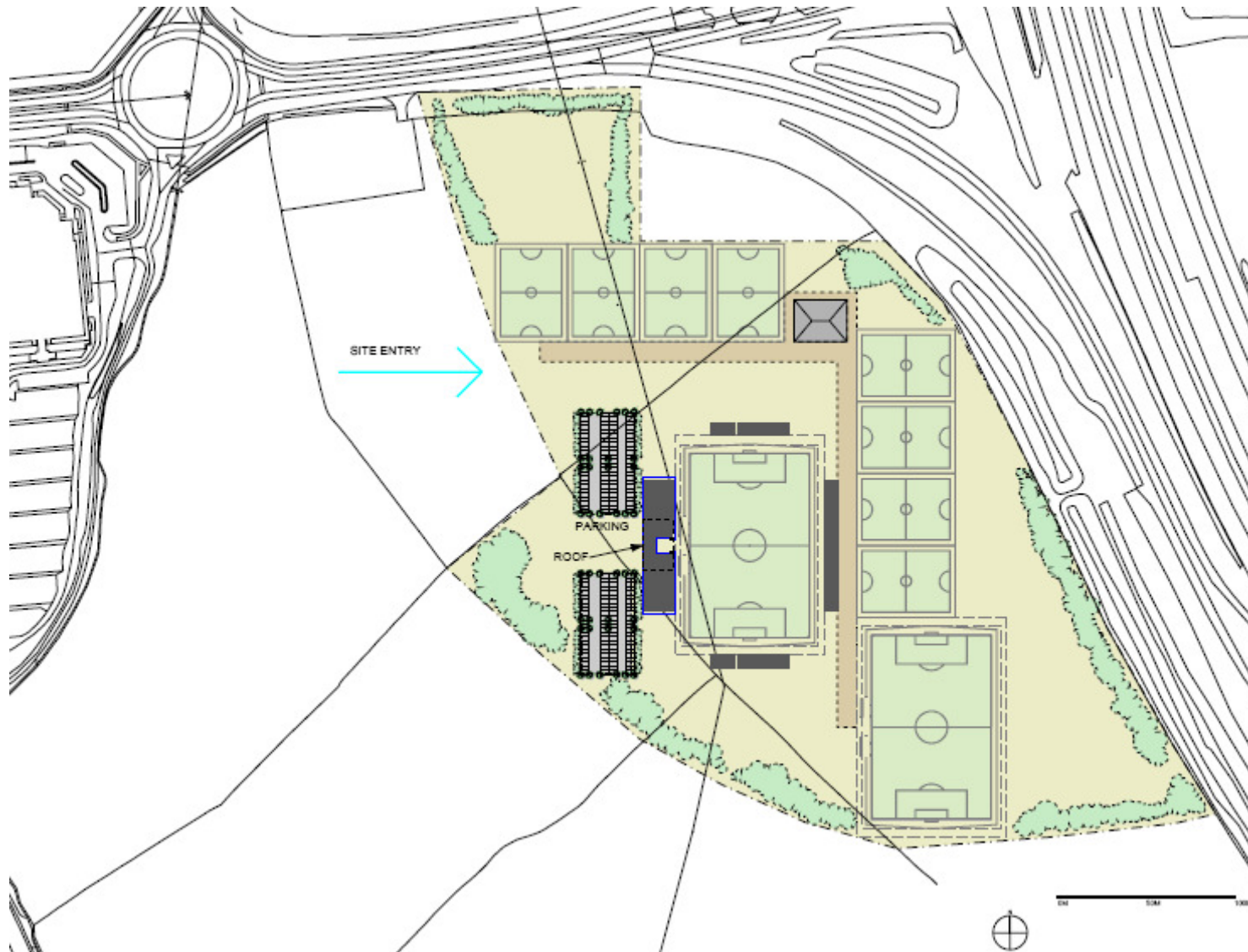


Figure 5.3 Town Stadium Complex layout Option 3a



Land ownership and planning considerations

- 5.22 The preferred site is owned by Crown Estate, and as previously mentioned sits within the administrative borders of St. Albans City & District Council. These two factors potentially restrict the Council's ability to develop a Town Stadium Complex in this location.
- 5.23 pmpgenesis has engaged with the Council and, importantly, with Crown Estate to try to understand what opportunities there might be to overcome these issues.
- 5.24 Crown Estate has suggested that it is, in principle, willing to sell part of the site to the Council to enable it to deliver the Town Stadium Complex.
- 5.25 Crown Estate (through Carter Jonas) has suggested that the Council should expect to pay £250-300,000 per acre for the preferred site. This uses serviced B2/B8 use as the value comparator.
- 5.26 On previous pmpgenesis projects involving leisure development on Green Belt land, we have used valuations for the site based on the highest price for the land within this Green Belt designation, namely agricultural use. If this were to be the case for the Town Stadium Complex the cost of the land to the Council/project would be reduced. However, assuming land costs at this level is the more prudent approach.
- 5.27 Carter Jonas has indicated that there may be alternative uses that would generate greater value for Crown Estate. However, it was acknowledged that Crown Estate would benefit from an upfront payment from the Council for the Town Stadium Complex as they think it could potentially be used to get the wider Gorehambury project (Green Belt) moving forward.
- 5.28 There are multiple options available for the site purchase. These are likely to particularly include:
- the Council buying the required land from Crown Estate;
 - the Council encouraging Stadco (to be formed) to purchase the required land;
 - (if administrative borders are changed) negotiating the transfer of the land required for the Town Stadium as planning gain; or
 - (particularly if administrative borders are changed) Encouraging Crown Estate to act as Town Stadium developer if bringing forward wider development.

- 5.29 At present however, we understand that St. Albans will not consider the development of any land designated as Green Belt. As the planning authority (at least at present) this would make the project difficult to deliver on the preferred site. There are two ways in which this might be overcome, namely:
- St. Albans Council reconsiders the prospect of development of Green Belt land and agrees that the Town Stadium Complex would be a valuable resource for residents and capable of benefitting the wider area;
 - The Council (or consortium brought together to deliver the Town Stadium) submits a persuasive case to St. Albans Council to seek a change in its policy in the Local Development Framework (LDF); or
 - the RSS is 'repaired' and points to growth east of Hemel Hempstead ratified in its present form and the administrative borders between St. Albans and Dacorum are amended in light of the population centre(s) delivered by new homes.
- 5.30 At this stage, we have assumed that only the costs of the c.180 parking spaces associated with the community sport component will be attributable to the Stadium project. They have not however been included at this stage. We would though expect the capital contribution received from the 5 a side partner to deliver 100 of these spaces, and this cost will therefore not be borne by the project.
- 5.31 We have assumed that the Council's Park & Ride proposals for this area will be delivered and the cost (including land purchase) for these spaces, which can be used by the stadium tenants for matchdays, will be borne by this scheme rather than the Town Stadium Complex.

Site fallback options

- 5.32 As the facility mix has been refined, the necessary footprint required to accommodate the Town Stadium Complex has been developed, as shown at Section 2. On this basis, the stadium element (i.e. not the synthetic pitches and car parking) would be able to physically fit on other sites, but in so doing it would be highly unlikely to be able to meet the vision for the project and maximise the benefits for community sport and the tenant club(s).
- 5.33 Lucas Sports Ground is unlikely to be a viable solution, as the Council is pursuing the development of alternative, employment use for the site. On this basis, it has been removed from consideration.
- 5.34 The preferred site, adjoining the M1, provides the best opportunity to develop a Town Stadium Complex that meets the project vision and delivers on local need. Seeking to develop the Town Stadium at an alternative site would be likely to materially impact the scale and nature of the project and the ability of the facility to meet local need and the project vision.
- 5.35 The fallback option is a small stadium, without community leisure facilities. This could conceivably be developed at:
- Pennine Way – the site requires additional work to improve accessibility, developing the access up Pennine Way from Redbourne Road, if it is to be capable of hosting a larger stadium; or
 - Vauxhall Road – the site still has significant issues around visibility and accessibility. These could be alleviated if an alternative access route were delivered (off Longlands), though this would be contingent on the use of land which is presently a school playing field.

- 5.36 Under this approach, the project's viability is likely to be more of an issue. Pursuing this fallback option could achieve some benefits for Hemel Hempstead, Dacorum and the tenant club(s), but the benefits would not be as pronounced as at the preferred site. Each of the fallback/alternative sites face significant problems in delivering a stadium and would not be capable of a scheme in line with the wider benefits of the project vision, as represented by their substantially lower scores during the site shortlisting process at Phase I.

Summary

- 5.37 The site identified as the preferred option at Phase I of the feasibility study is still considered the site that best meets the needs of the scheme and best fits the vision for the Town Stadium Complex.
- 5.38 Developing the Town Stadium at another site would be likely to materially affect the facility mix and in so doing reduce the ability of the project to operate as a true Town Stadium Complex.
- 5.39 At the preferred site the full project appears deliverable subject to finance, provided the planning considerations (linked to St. Albans' view and the local authority jurisdiction) can be overcome. This remains however a risk for the project.

6. Conclusions

06

Findings

- 6.1 This study has further confirmed the potential demand for a Town Stadium Complex in Hemel Hempstead. Based on market research and consultation, together with the vision developed by the Council and its stakeholders, there are strong opportunities to deliver a project that is a valuable resource for existing and future residents of the town and beyond.
- 6.2 The refinement of the facility mix from the options presented at Phase I has resulted in a preferred mix that maximises the sustainability of the Complex, while meeting identified local need for facilities.
- 6.3 The prospective tenants have indicated that they are supportive of the proposed facilities for the Town Stadium Complex, including the community use elements (which would also be likely to serve club training needs).
- 6.4 However, it will be important to work with the clubs to develop the management solution in such a way that it acknowledges their need to generate revenue for the tenants but also operate in isolation from the clubs (i.e. via an SPV) to ensure that the community facility is maintained properly.

Next steps

- 6.5 This report has established in greater detail the projected feasibility of a Town Stadium Complex for Hemel Hempstead, with a refined facility mix to optimise opportunities for stakeholders, while producing a sustainable project.
- 6.6 The key next steps required at Phase 2b to continue to progress the project are:
 - Development of a communication strategy
 - to outline how to involve the public, local Councillors and key stakeholders throughout the development of the project study
 - Preparation of conceptual plans
 - to show the overall form and layout of the complex on the site and its relationship to the surrounding area, to also take into account the potential to phase construction of the project. These plans should be of appropriate detail and quality to supplement a future public consultation exercise

- Stakeholder management, and the development of the business model
 - in conjunction with the design development, refine the business plan and develop the management assumptions and Stadco shareholding model. This will require working closely with the tenant club(s) and the Council to ensure that stakeholder needs are met and to develop the profit share and funding plans for the project, including capital cost considerations and land purchase
 - Resolve remaining site issues
 - there remain key issues with the preferred site. Although it appears well-suited to host the Town Stadium Complex, and remains the preferred site, its ownership status and the fact that it sits within St. Albans' administrative borders, pose potential problems for the project's deliverability. Further work will be needed in this area to understand the ramifications of its ownership and planning considerations and how these can be overcome.
- 6.7 In addition to these tasks, the Council should seek to identify and appoint a 'project champion' internally, to help to drive the project from the Council's perspective and work to secure buy-in from stakeholders and move the Town Stadium Complex towards delivery.
- 6.8 pmppgenesis would like to thank the Council and all of the stakeholders consulted for their time, information and enthusiasm shown throughout the study, and hope that the support for the project can be used to deliver a sustainable Town Stadium Complex that meets the aims set forward in the project vision.

Project vision – Hemel Hempstead Town Stadium Complex

A town stadium that provides scope for its tenant(s) to grow and prosper at the heart of a sustainable complex that boosts community sports participation and health for the present and future population of Hemel Hempstead and beyond.