

AGENDA ITEM

REPORT TO CABINET

17th July 2014

REPORT OF CORPORATE MANAGEMENT TEAM

CABINET DECISION/KEY DECISION

**Cabinet Member for Arts, Leisure & Culture– Lead Cabinet Member –
Councillor Ken Dixon**

DEVELOPMENT OF SKY-TRAIL

1. Summary

Tees Active Limited (TAL) was created by Stockton on Tees Borough Council (SBC) and started trading on 1st May 2004 as an independent organisation holding the contract for the management of the SBC built leisure facilities. Over the past decade SBC and TAL has developed a strong strategic partnership with a number of joint investments to get more people involved in active leisure and reduce TALs need for revenue subsidy. An allocation has been made within the 2014 Budget, approved by Council, to further develop TAL Leisure attractions, on an invest-to-save basis.

TAL has now produced a proposal for a high ropes attraction at the Barrage site, called Sky-Trail. Sky Trail is expected to significantly enhance the profitability of their overall Barrage operation. This report seeks approval for the development of the TAL Sky-Trail attraction.

2. Recommendations

1. Cabinet is asked to approve the Sky Trail concept as a basis for investment of the resources allocated within the MTFP and to delegate to the Corporate Directors for DNS and Resources, in consultation with Cabinet member for Culture & Leisure, authority to commit funds subject to detail technical cost plan, tenders, and planning approval.

3. Reasons for the Recommendations/Decision(s)

To allow detailed cost plan technical development to proceed on the Sky Trail proposal.

4. Members' Interests

Members (including co-opted Members) should consider whether they have a personal interest in any item, as defined in **paragraphs 9 and 11** of the Council's code of conduct and, if so, declare the existence and nature of that interest in accordance with and/or taking account of **paragraphs 12 - 17** of the code.

Where a Member regards him/herself as having a personal interest, as described in **paragraph 16** of the code, in any business of the Council he/she must then, **in accordance with paragraph 18** of the code, consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest and the business:-

- affects the members financial position or the financial position of a person or body described in **paragraph 17** of the code, or
- relates to the determining of any approval, consent, licence, permission or registration in relation to the member or any person or body described in **paragraph 17** of the code.

A Member with a personal interest, as described in **paragraph 18** of the code, may attend the meeting but must not take part in the consideration and voting upon the relevant item of business. However, a member with such an interest may make representations, answer questions or give evidence relating to that business before the business is considered or voted on, provided the public are also allowed to attend the meeting for the same purpose whether under a statutory right or otherwise (**paragraph 19** of the code)

Members may participate in any discussion and vote on a matter in which they have an interest, as described in **paragraph 18** of the code, where that interest relates to functions of the Council detailed in **paragraph 20** of the code.

Disclosable Pecuniary Interests

It is a criminal offence for a member to participate in any discussion or vote on a matter in which he/she has a disclosable pecuniary interest (and where an appropriate dispensation has not been granted) **paragraph 21** of the code.

Members are required to comply with any procedural rule adopted by the Council which requires a member to leave the meeting room whilst the meeting is discussing a matter in which that member has a disclosable pecuniary interest (**paragraph 22** of the code)

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SUMMARY

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RECOMMENDATIONS

1. Cabinet is asked to approve the Sky Trail concept as a basis for investment of the resources allocated within the MTFP and to delegate to the Corporate Directors for DNS and Resources, in consultation with Cabinet member for Culture & Leisure, authority to commit funds subject to detail technical cost plan, tenders, and planning approval.

DETAIL

1. Sky-Trail is a new and innovative version of the high ropes adventurous offer found at many schools and outdoor activities centres. The concept is proven and

robust, operating in a number of locations in the UK and overseas, and of particular interest and relevance to SBC and TAL.

2. Since taking over the River Tees International White Water Course TAL and SBC have wrestled with how best to create a thriving business out of an adventurous water-sports facility. The rafting or kayak experience is dramatic and distinctive, but tends to appeal to a relatively narrow audience and be subject of a short visit by participating groups. The site is attractive to walkers and casual visitors but the activity available is suited to pre-bookings and planned visits. There is not sufficient activity to provide a mixed group with a range of things to do, or to retain a mixed group for a period of several hours.
3. By developing a Sky-Trail facility at the Tees Barrage site it is believed that TAL could create an outdoor and adventurous offer, the likes of which isn't available anywhere else within the UK. Evidence suggests that by placing this mixture of wet and dry facilities together TAL will be able to attract significant numbers to what will become a day-visitor destination, bringing more people into the borough whilst increasing the viability of the current white water facility.



4. It is also worthy of note that the proposed Sky-Trail facility will be the only outdoor four-story construction in the UK adding another layer of attraction to the site for those attracted by adrenalin fuelled activities.



5. Provisional site assessment and QS estimates have been produced and combined with comparator figures from the suppliers of the modular rope walk structure. These estimates suggest a total cost to build the new attraction of approximately £1m. TAL has produced a financial plan for the operation of the site, combining the Sky Trail with the various white water activities already offered on the site.
6. The TAL business plan projections show a differing profile of use over time, with a growth in users during the first 4 years followed by steady usage. TAL have included an investment of additional capital in year 10 to refresh or extend the offer. This additional capital cost is covered within the business plan and would not require additional investment from SBC.
7. Taking the second trading year as an illustration, to avoid the misleading start-up period, the facility would attract approximately 29,000 users per annum, two thirds of whom would be adults. Income projections are based on charges of £8/person/hour and £4 for children, though these charges have not been set and are illustrative at this stage. Ropes courses at Beamish, Bedale, and Dalby charge £20 per session for children and £0-35 per session for adults, with sessions lasting 2-3 hours. It is hoped that a more flexible hourly hire, when combined with the other attractions on the site will ensure that local people can afford to visit Sky Trail, but that we also maximise income and repeat visits.
8. Salary cost for staff dedicated to the Sky Trail, excluding those employed in running the other aspects of the Barrage Water Course business, are c.£70,000 per annum. Marketing spend is projected to be £15,000 per annum after the initial launch period. Taking account of other income from visitor secondary spend, and other costs such as equipment, insurance and maintenance, the surplus generated in year 2 is projected to be £100,450 before any capital repayment is deducted. This excludes any increase in profit on the White Water arising from the synergy between the water and ropes attractions.

9. Initial assessment by SBC finance officers, based on business plan information provided by TAL, indicates a positive return on the investment is likely. However a detailed business case review will be conducted as part of the technical work following approval of this report.
10. There is no precedent in the UK for a Sky-Trail facility sitting alongside a White Water Course and indeed there are only six White Water Courses in the world of the like we have in Stockton. That said in the other locations where Sky-Trail has been installed in the UK they have been proven to work best in conjunction with other offers. In the case of the Birmingham garden centre, Peasholme Park, Scarborough and Holme Pierrepont, Nottingham, they have been installed to increase footfall to other areas. None of those facilities has been operating for more than a year but each has reported significant increase in throughput.
11. In America they have also been installed as part of larger attractions and in the case of Tato Park, Dublin, the Sky-Trail has increased visitors to the park but produced significant income in its own right - figures in excess of those being projected by Tees Active. In terms of day visits/schools etc - feedback from schools and other potential user groups is that if there were a dry offer to compliment the current wet-offer it would make a day-visit a very attractive proposition for them.
12. Such an offer has the potential to draw visitors from a wide catchment including the North-East, North-West and from across Yorkshire. In modelling the potential users of the site the following relates to the numbers of people within identified travel times:
 - 1.13m people within 30 minutes drive time;
 - 2.90m people within 60 minutes; and
 - 6.60m people within 90 minutes
13. Independent research (Mintel) shows that people will travel longer distances for a unique offer – for example, the white water centre at Cardiff has built a significant proportion of its own business and the wider economic impact on the weekend City Centre clubs, restaurants and hotels market in particular on packages for party activities set around the offer at its own White Water Centre.
14. As Sky-Trail is a relatively new innovation within the UK being at the vanguard of its rollout presents a real opportunity to create something unique in the UK, however because it is early days in terms of the history of Sky-Trail the evidence of long term effectiveness simply doesn't exist. That said there is a clear logic supported by other venues that adding the dry Sky-Trail offer to the wet White Water Course offer will significantly increase visits to the site which will have a positive impact upon the whole venue.
15. The proposal for the barrage site is to create a 4-storey Sky-Trail which will be around 18-metres in height and will be one of the tallest structures on the horizon, visible from across the locality and particularly for motorists travelling on both the

main A66 and A19 dual carriageways. Such a facility that combines the high quality white water offer with the dry-climbing elements will be unique. As such this represents an exciting opportunity for the borough.

16. SBC commissioned an independent assessment of the business case by Knight, Kavanagh and Page (KKP) who believe that TAL's income projections are based on conservative estimates to present a cautious rather than over-ambitious case.

17. KKP recommend support for the TAL Sky Trail proposals subject to the following provisos:

- Require a more comprehensive written business plan which identifies how TAL will fully exploit the potential of the site (detailing out the complementary food and beverage trading and the impact on the water based attraction)
- Employ an experienced marketing manager/strategist (or if already in place task him/her) to develop and subsequently implement a plan to promote the area through the facility and to increase footfall from people who are also likely to make additional spend while in the Stockton area.

18. As with the capital investments in SPLASH, Billingham Forum, and Thornaby Pavilion, if the Sky Trail works are funded by a loan from SBC to TAL, the repayment period for the loan would exceed the period of the TAL facility management contract. Optimisation of the complex and unique Tees Barrage white water facility would benefit from a longer period of planning certainty than the 5 years of the current TAL contract.

19. Detailed planning for the SBC investment in the Sky Trail facility will include development of a lease agreement with a suitable duration, and proposals for an extension to the current TAL facility management contract.

FINANCIAL IMPLICATIONS

20. Capital costs will be funded from the allocation for TAL schemes outlined in the 2014 budget report.

LEGAL IMPLICATIONS

21. Suitable contracts will need to be drawn up to cover the lease, management and development of the Sky Trail attraction as part of the Tees Barrage White Water Course facility. Canals and Rivers Trust approval will also be required for both the capital works and the extended lease.

COMMUNITY STRATEGY IMPLICATIONS

22. The Sport & Active Leisure Strategy has been guided by the strategic priorities/ outcomes identified within both the Corporate Strategy and the Sustainable Community Strategy. The outcomes it will contribute to are many and include:
- a. Increase in positive activities for young people
 - b. Halting the year on year rise in obesity amongst children under 11 years
 - c. Reduce health inequalities
 - d. Improved access and quality of green spaces
 - e. Improved personal well-being of older people
 - f. Real choice, control and equal access to facilities and services for older people
 - g. Greater Equality of Opportunity
 - h. Increased opportunities for young children/ young people in care (SCS)
 - i. Reductions in anti-social behaviour/ criminal damage
23. The Strategy will also contribute to the delivery of the following nationally identified priorities:
- a. Increases in % of 5-16 year olds participating in community sport
 - b. Increase % of adults participating in at least 30 min's of moderate intensity sport and physical activity on at least 3 or more days per week (CPA/ NI8)
 - c. Increased resident satisfaction with sports & leisure services within the borough
 - d. Increase in the number of people volunteering in sport (CPA Culture Block/ LAA)
 - e. An increase in the % of people participating in local authority sport/ recreation provision

EQUALITIES IMPACT ASSESSMENT

24. This report is not subject to an Equality Impact Assessment. An Equality Impact Assessment will be conducted as part of the development of the Sky Trail visitor attraction plan.

CORPORATE PARENTING

25. Focus and resources will be placed on supporting underrepresented groups to participate in sport & active leisure and this will include children looked after by the Authority to ensure they benefit from the right support mechanisms enabling them to fully engage in sport & active leisure.

CONSULTATION INCLUDING WARD/COUNCILLORS

26. Cabinet portfolio holder for Culture & Leisure has been extensively involved in the development of proposals for the Sky Trail at the Tees Barrage site.

27. Ward Councillors and other relevant Cabinet members will be consulted in relation to the business plan for the Sky Trail facility to ensure its relevance to local people and appropriate cost to users and accessibility. Members will also be consulted on the potential visual impact of the Sky Trail and on maximising its positive impact on people's perceptions about the area.

Name of Contact Officer: Reuben Kench

Post Title: Head of Culture & Leisure

Telephone No: 01642 527039

Email Address: reuben.kench@stockton.gov.uk