

strong, Kathleen (DCAL)

From: Tony.Whitehead@sibni.org
Sent: 23 January 2004 11:45
To: Armstrong, Kathleen (DCAL)
Cc: Jack.Layberry@dfpni.gov.uk; Palmer, Jack; Flynn, Tom
Subject: Re: Sports Stadium - Draft Business Plan Terms of Reference



DraftStadiumBriefT
OR.doc

Kathleen

Updated Business Plan Terms of Reference for Carol's perusal on Monday morning. You will particularly note the additional paragraph within the Report/Output section relating to data for a later Economic Appraisal. If she needs to discuss, I'm around all day x88201.

Tony W

(See attached file: DraftStadiumBriefTOR.doc)

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ARTS & LEISURE

- appropriate size, capacity and design;
- capital cost of construction and on-going maintenance and refurbishment;
- the number and type of events (sports and non-sports related);
- public amenities;
- ticket prices and other potential revenue;
- revenue from boxes, premium seats and donations;
- potential sponsorship and naming rights;
- income share arrangements between the tenants/promoters and the owner;
- other potential facilities (Conference space, offices etc);
- potential for private equity/capital funding;
- preferred organisational plan, including asset ownership and on-going operational management model (costs, overheads, cross charging);
- significant tax effects; and
- sensitivity and risk assessment, covering financial, construction and operational issues and costs.

**DEPARTMENT OF CULTURE, ARTS AND LEISURE/STRATEGIC
INVESTMENT BOARD**

**MAJOR SPORTS STADIUM FOR NORTHERN IRELAND:
BUSINESS PLANNING EXERCISE - TERMS OF REFERENCE**

Study Brief

For a number of years now, the concept of a major Sports Stadium for Northern Ireland has been discussed and debated by local sports bodies, political parties, civil servants, private sector developers and the general public. Various feasibility studies, soft market testing exercises and option appraisals have all been undertaken under different scenarios by different potential project sponsors.

Within the past few months, however, it has become clear that, for the key sports that maybe involved in any new major stadium – football, rugby union and Gaelic games – urgent strategic decisions now need to be taken in relation to their own particular spectator facility needs. The development of any future long-term plans is inextricably linked to whether a new, major Stadium facility is to be built.

As a result, to enable firm decisions to be taken, the Department of Culture, Arts and Leisure (DCAL) and the Strategic Investment Board (SIB) are commissioning suitably experienced and qualified consultants to help develop a robust Business Plan for a major Sports Stadium for Northern Ireland.

To maintain a sharp focus and provide a meaningful output, the Business Plan will be built, in the first instance, around a specific Stadium concept that has been put forward by the Sports Council (Northern Ireland). This involves a fit-for-purpose Stadium with three potential anchor tenants from the key sports above – Ulster Rugby, Irish FA and GAA matches. A key strategic concern is to understand the potential for such a Stadium concept to support a long-term, commercially sustainable development that would generate sufficient returns to avoid the need for on-going public funding support.

The Business Plan will need to include a detailed and robust financial and operational model, taking into account a wide range of key assumptions, including:

- appropriate size, capacity and design;
- capital cost of stadium and on-going maintenance and refurbishment;
- the number and type of events (sports and non-sports related);
- public attendance;
- ticket prices and other potential revenues;
- revenue from boxes, premium seats and debentures;
- potential sponsorship and naming rights;
- income share arrangements between the tenants/promoters and the venue;
- other potential facilities (Conference space, offices etc);
- potential for private equity/capital funding;
- preferred organisational plan, including asset ownership and on-going operational management model (costs, overheads, cross charging);
- significant tax effects; and
- sensitivity and risk assessment, covering financial, construction and operational issues and costs.

The primary purpose of this exercise is to establish in principle whether the Stadium concept as described above is commercially viable. However, as part of the sensitivity analysis, consultants will be expected to cover (in sufficient detail to allow key comparisons to be made) the main alternative options and scenarios (ie relating to size of stadium, capital cost and number of committed "anchor" tenants/events).

Report/Output

Although the terms of reference do not, at this stage, include any examination of possible sites where a Stadium might be built (for the purposes of this Business Plan only, a clear site of the required size and associated infrastructure can be assumed), bidders should note, however, that this is an important, strategic exercise. The output is expected to help form the basis for key Ministerial decisions.

As a result, DCAL and SIB would wish to ensure that, as part of this Business Planning exercise, sufficient data is collected to allow an informed Business Case/Economic Appraisal to be developed at a later stage, if appropriate, for public sector decision-making purposes. Alongside the detailed financial analysis as highlighted above, the final report should therefore include a detailed summary of the key strategic context and objectives for the Stadium, the market context (including overall trends in both stadia development and the individual participant sports), key income and cost drivers, key success factors and potential benefits (both monetary and non-monetary).

The timescale for the study is expected to be between 10-12 weeks. Consultants will be reporting to a small Steering Group comprising a representative from DCAL, SIB and the Department of Finance and Personnel (DFP). An SIB Strategic Adviser will act as the day-to-day client. Although the Business Plan information will remain strictly commercially confidential, potential tenants have also agreed to be available to discuss and agree key assumptions.

Tender Evaluation

Proposals are requested from consultants wishing to tender for this exercise. Such proposals would be expected to cover an understanding of the key issues, study methodology, relevant expertise and previous experience, workplan, team and fees.

Bidders should also note that within the formal Evaluation Criteria for selection of the appropriate winning team, particular emphasis and value will be placed upon the relevant skills, expertise and previous Sports Stadium experience of the individual team members assigned to the day-to-day delivery of the Business Plan. As it is anticipated that the range of skills involved will include sports/leisure, stadium design, engineering, quantity surveying, corporate finance, economic appraisal and property development, consortia bids are welcome.

Study Timescales

Return of Tender Documentation 18th February 2004

Clarification if required 23rd/24th February 2004

It is anticipated that the contract will commence by the end of February with an interim report expected by mid-April and final report by end May.

News Release



Department of
**Culture, Arts
and Leisure**

www.dcalni.gov.uk

23 January 2004

ANGELA SMITH TO EXPLORE THE VIABILITY OF A NEW STADIUM

Sports Minister, Angela Smith, MP, is commissioning a robust business plan to finally decide whether a major sports stadium for Northern Ireland would be commercially viable.

The Minister said: "For years there has been argument and debate about such a stadium and I believe it is now time to see whether the figures stack up. The three sports which would be most closely involved in any future project - soccer, rugby and Gaelic games - are currently looking at their future needs and that is why I want to explore the issue in greater detail."

The Minister explained that the exercise would examine issues such as the commitment of the three sports to such a stadium, the level of capital investment required and long-term sustainability, including ownership, management and operation.

She added: "After discussing the issue with my Ministerial colleague, Ian Pearson, I have asked the Strategic Investment Board (SIB), which has been set up to advise on Northern Ireland's infrastructure, to carry out this work immediately.

"I want to make it clear, however, that this does not commit the Government to building a stadium. I just want to establish in principle whether the project is commercially viable and for that reason the

consultants' brief will not, at this stage, include the examination of possible sites where a stadium might be built."

The exercise will be managed by SIB Strategic Adviser Tony Whitehead, who was part of the financial team working for the Mayor of London that, two years ago, put together the final public funding package that turned around and rescued the Wembley Stadium project. SIB expects to report back to the Minister with a firm answer by the end of May.

DRAFT MINISTERIAL STATEMENT FOR NEWS CONFERENCE

Good morning and thank you all for getting here so early. In January I announced that I had asked the Strategic Investment Board, which was set up to fast forward infrastructure projects in Northern Ireland, to consider whether a major multi-sports Stadium here would be operationally viable. Tony Whitehead from SIB is with me this morning.

As you all know there's been a lot of talk about the potential for a stadium for a number of years – many of you have contributed to the debate – and I wanted to get to the bottom of the arguments once and for all. I wanted to know whether the figures stacked up. Soccer, rugby and the GAA are all looking at their future stadium needs so it has been a particularly good time to explore the issues in detail.

Well, Tony and his team have conducted a robust business planning exercise and the figures do indeed stack up. A multi-sports stadium would be commercially viable – but only if soccer, rugby and the GAA were prepared to play games there.

What I'm now asking Tony and the SIB to do is to move to the second stage of this process. The exercise he has just finished has not considered the question of where such a stadium should be built. I know you wouldn't think it from some of the things written and said in newspapers and on television and radio since January but the sites issue was specifically excluded. I have asked him to try and find an agreed site.

But I think in all fairness I should add to these proceedings a strong note of caution – it is much too early to say we are going to build a stadium. Only if we find a site that everyone is comfortable with and only if all three sports guarantee that they will play games there will we even consider constructing a stadium.

As I said in the House of Commons recently if a stadium is possible we should try to make it happen but it must be viable – it cannot become a constant drain on the public purse.

Tony tells me that all three sports have played a full part in the business planning exercise but that does not mean they are committed to becoming anchor tenants in a stadium. They can only make up their minds when all the facts are known so we don't expect them to sign up at this stage. Why would they when an issue as significant as finding a neutral site is just about to be assessed?

I expect the search for a potential site to take a number of months and the idea is that the SIB will report back to me in the autumn. Then it will be make your mind up time for supporters, officials and Ministers.

Tony and I will now take any questions you may have.