

Subject: Ice Rink Installation for Christmas & New Year 2017/18

Report to: ELT 21st August 2017

Economic Development Committee 11th September 2017

Report by: Kate Watts, Strategic Director

DECISION

At the Economic Development Committee held on 7th July 2017 Members asked for Officers to look at the financial costings for Ice Rink. Officers were asked to look at both the costs for the hire of a rink and also the costs for the purchase of a rink.

This was put on the Councils forward plan for a decision to be made in September 2017 in relation to Christmas 2017.

1. INTRODUCTION

1.1 As part of the ongoing commitment of the Council to revitalizing its Town Centre there has been substantial investment in Town Centre events since 2014, with the aim of;

- creating a vibrant atmosphere
- entertaining those already in the Town Centre
- encouraging new customers to the Town Centre
- encouraging lapsed customers back to the Town Centre
- encouraging repeat visitors
- raising the profile of the Town Centre and ultimately the Borough

1.2 And with the objectives for staging events in the Town Centre to include;

- increasing footfall
- increasing sales in Town Centre shops and Marketplace

- contributing to the overall strategic objective to sustain and build upon the retail offer in the Town Centre
- establishing the Town Centre as a key element of the Great Yarmouth offer

2. OVERVIEW OF ICE RINK EVENT 2015/16

- 2.1 As part of this investment an Ice Rink in the Town Centre was installed from 20th November 2015 to 3rd January 2016. The installation of the rink was a bold headline statement of the Council's commitment to the Town Centre and clearly got people talking about and visiting the Town Centre during its period of opening. This can be evidenced through footfall figures in comparison with the previous year, the highlights of which included;
- Lights Switch-On up 25%
 - Coca-Cola Truck up 48%
 - Last Wednesday before Xmas up 10%
 - Boxing Day up 10%
 - Tuesday after Bank Holiday up 12%
- 2.2. It was harder to translate this footfall increase into retail spend. It was disappointing to note the lack of engagement from some traders to take the opportunity to draw customers into shop. For example many traders did not open in line with the Ice rink evening opening times where there was a clear increase in footfall into the Town Centre.
- 2.3 Customer feedback about the rink was very positive, from schools and their children writing into the Council about their experience to website feedback which includes statements such as *"It was a success, people were loving it and all ages were using it and others were standing and watching the skaters. It was a welcome diversion and uplift for Yarmouth Town Centre and for a change"* and *"All town centers of small towns are struggling to stay alive and to be honest it would be so very easy for local business and authorities to just let it die. Life is about enjoyment and in your busy life if you stopped to either look at the fantastic Christmas lights, took a stroll through the Christmas Market or where indeed brave enough to have a go on the ice rink you would have seen happiness everywhere"*.
- 2.4 Media coverage for the event was extremely positive with weekly articles both in the Mercury and Advertiser. However there was some feedback from Retro skate

that the Ice Rink took trade away from them during its period of opening.

3. EVENTS REVIEW FINDINGS

- 3.1 Officers have undertaken an initial review of Town Centre events that were held during 2016/17 and have established that larger scale events much better achieve the aims and objectives detailed within the introduction section of this report.
- 3.2 Furthermore feedback from potential investors into the Town is that they are looking for a greater year round customer offer, rather than the traditional summer seaside holiday period.

4. ICE RINK COSTINGS FOR 2015

- 4.1 Members are asked to note that a paper detailing an initial financial review showed the costs for this rink as £108,545.25. However the paper was clear that the final invoices had not yet been processed and on final analysis the total costs of the rink was £111,927. Appendix 1 details the financial business case which supports this paper and shows the working in relation to this figure.
- 4.2 The finance for this rink was taken out of the Council's Town Centre Initiative reserve. The remaining uncommitted balance of this reserve currently totals £425,434.

5. ICE RINK HIRE COSTINGS FOR 2017 (ESTIMATED)

- 5.1 It is clear that the installation of an Ice Rink in the Town Centre provided the headline statement it was intended for. Footfall figures showed an increase in people visiting the Town Centre and there was a clear buzz about its installation.
- 5.2 However the Rink did come at significant cost and officer resource. It is therefore for the members to consider whether or not they would want to see a headline event of similar magnitude planned for 2017.
- 5.3 Appendix 1 details the financial business case for an Ice Rink and the estimated cost (including operation for the season) for the hire of a rink is £111,356 for

2017/18. This is subject to the projected income being achieved of £142,050. This rink would run from 17th November 2017 to 3rd January 2018 (a period of 47 days).

- 5.4 As part of this income it is proposed that the adult ticket price be set at £10, a child's at £7.50 and a family ticket at £30 (for a maximum of 2 adults, including two children). Income on this has been based a daily average usage of 240, 2015 figures saw a daily average usage of 241.
- 5.5 Appendix 1 also shows the projected net cost to the Council for a total of five years.

6. ICE RINK PURCHASE COSTINGS

- 6.1 Officers were also asked to look at costing in relation to the purchase of a rink. This would total an estimated £181,125 which would be capital expenditure. The capital expenditure could be funded from either borrowing (which would incur an annual Minimum Revenue Provision Charge from year 2) or from the Town Centre Initiative Reserve as a one off.
- 6.2 As a result of hiring a rink a number of additional costs have been included which include transport and set up of the rink and storage for the rink when it is not in use.
- 6.3 Offsetting these costs against the projected income the Ice Rink for 2017 would cost the Council £63,650 in 2017/18 increasing to £86,488 in 2018/19 which also includes the associated revenue costs of financing the capital expenditure. If the initial capital cost was funded from the Town Centre Reserve the cost in 2017/18 would remain at £63,650 and increase to £67,523 in 2018/19.
- 6.4 Members also asked Officers to scope the possibility of this rink being hired to others. Any hire of the rink would require the Council to set a fee that covers all associated costs borne by the Council including some margin of profit.
- 6.5 Because the Council will be using the rink between November and January, outdoor hire usage would be for February and March only, unless the hirer wished to use an indoor venue.

7. FINANCIAL IMPLICATIONS

- 7.1 The business case as attached at Appendix 1 provides details of the costs and income for the provision of the ice rink for both hire and purchase over a five year period. Neither option produces a break-even position for the Authority, with both significantly resulting in growth to the Council's budget. Whilst there could be additional income achievable from ticket sales above the level assumed in the attached business case, to achieve a break even position the ticket sales would need to double. Consideration also needs to be given to the future forecast deficit position for this Authority.
- 7.2 As mentioned previously in the report the 2015/16 ice rink was funded from the town centre initiative reserve. There would be sufficient balance in the reserve to fund the annual hire of the rink for three years or the purchase for three years if the capital cost is funded by borrowing and two years if the capital cost is funded from the reserve, although this would reduce the ability to use the town centre reserve for other town centre initiatives moving forward. It needs to be noted that the utilization of this town centre reserve would result in the reduction of available funds for future town centre initiatives.
- 7.3 As part of the making recommendations on the proposals for the Ice Rink Members should take into account the overall projected budget deficit for the Council from 2018/19 onwards which currently assume no growth in the revenue position.
- 7.4 Funding from reserves can be used for one-off purposes and should not be seen as a source of funding for ongoing budget gaps and funding growth.
- 7.5 As with any income projections there is a risk that the level of income will not be achieved as anticipated.

8. RISK IMPLICATIONS

- 8.1 There are numerous potential risks, which include;

- The Ice Rink (hired or purchased) not being of a satisfactory quality which could affect the reputation of the Council. Correct specification during tender process would help mitigate against this
- The Ice Rink could break down during use; again this could affect the reputation of the Council. Correct specification during tender process could help mitigate against this
- Bad weather may prevent full usage of the Ice Rink and reduce estimated income for the Council. Difficult to mitigate against unless a covered Ice Rink is procured, which would be at a higher cost
- The Council could fail to obtain the estimated financial levels of sponsorship income and ticket sales income
- Health and safety risks of staging such an event. Detailed event planning and risk assessments will be undertaken to mitigate against this

9. CONCLUSIONS

9.1 This report provides an overview of both the cost of the hire and purchase of an Ice Rink, with an Appendix which financially maps this cost over a five year period.

Area for consideration	Comment
Monitoring Officer Consultation:	N/A
Section 151 Officer Consultation:	Yes – see attached financial business case
Existing Council Policies:	“The Plan” “The Town Centre Masterplan”
Financial Implications:	Yes – potentially in relation to the Town Centre Initiative Reserve, general reserve and capital funding.
Legal Implications (including human rights):	N/A
Risk Implications:	Detailed within this report and will also be considered as part of the event set up if the Ice Rink is approved
Equality Issues/EQIA assessment:	Considered as part of the event set up if the Ice Rink is approved.
Crime & Disorder:	Considered as part of the event set up if the Ice Rink is approved.
Every Child Matters:	Considered as part of the event set up if the Ice Rink is approved.

Ice Rink Business Case										
	ANNUAL HIRE					PURCHASE				
	2017/18	2018/19	2019/20	2020/21	2021/22	2017/18	2018/19	2019/20	2020/21	2021/22
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5
		2.5%	2.5%	2.5%	2.5%		2.5%	2.5%	2.5%	2.5%
COSTS										
CAPITAL COSTS:										
Structure incl railings, deck						60,000				
Rink and Skates						90,000				
Benches and Furniture						4,000				
Lighting and Sound						16,000				
Ice maintenance Kit						2,500				
Contingency						17,250				
	0	0	0	0	0	189,750	0	0	0	0
Capitla Financing Source										
Borrowing						(189,750)				
External Funding Sources						0				
	0	0	0	0	0	(189,750)	0	0	0	0
REVENUE COSTS										
Ice Rink Provision:										
Hire of Rink, Equipment & Furniture	72,290	74,098	75,950	77,849	79,795	0	0	0	0	0
Lighting and Sound	15,829	16,224	16,630	17,046	17,472	0	0	0	0	0
Ice Rink Operation:										
Equipment (generator and chiller, meltpits)	0	0	0	0	0	23,250	23,831	13,427	13,763	14,107
Structure Build	0	0	0	0	0	8,000	8,200	8,405	8,615	8,831
Ice Rink Staff	68,000	69,700	71,443	73,229	75,059	68,000	69,700	71,443	73,229	75,059
Training & Recruitment of Staff	0	0	0	0	0	3,000	3,075	3,152	3,231	3,311
Electrical Cabling	0	0	0	0	0	2,500	2,563	2,627	2,692	2,760
Storage/dismantling	0	0	0	0	0	8,000	8,200	8,405	8,615	8,831
Site Logistics (Ground work, water, fuel, Utilities etc)	21,750	22,294	22,851	23,422	24,008	21,750	22,294	22,851	23,422	24,008
Security and Medical	29,000	29,725	30,468	31,230	32,011	29,000	29,725	30,468	31,230	32,011
Insurance	3,000	3,075	3,152	3,231	3,311	3,000	3,075	3,152	3,231	3,311
Media and Publicity	20,500	18,000	18,000	15,000	15,000	20,500	18,000	18,000	15,000	15,000
Repairs and Maintenance	0	0	0	0	0	0	5,000	7,500	7,688	7,880
Contingency 10%	23,037	23,613	24,203	24,808	25,428	18,700	19,168	19,647	20,138	20,641
	253,406	256,728	262,697	265,814	272,084	205,700	212,830	209,076	210,853	215,749
Costs of Financing:										
MRP - over assumed life of 10 years						10	18,975	18,975	18,975	18,975
	0	0	0	0	0	0	18,975	18,975	18,975	18,975
Gross Revenue Cost in Year	253,406	256,728	262,697	265,814	272,084	205,700	231,805	228,051	229,828	234,724
INCOME										
Ticket Sales	(89,300)	(91,533)	(93,821)	(96,166)	(98,570)	(89,300)	(91,533)	(93,821)	(96,166)	(98,570)
Skate Aids	(11,750)	(12,044)	(12,345)	(12,653)	(12,970)	(11,750)	(11,750)	(11,750)	(11,750)	(11,750)
Sponsorship	(38,000)	(38,950)	(39,924)	(40,922)	(41,945)	(38,000)	(38,950)	(39,924)	(40,922)	(41,945)
Signage	(3,000)	(3,075)	(3,152)	(3,231)	(3,311)	(3,000)	(3,075)	(3,152)	(3,231)	(3,311)
	(142,050)	(145,601)	(149,241)	(152,972)	(156,797)	(142,050)	(145,308)	(148,646)	(152,069)	(155,577)
Total Net Cost to GYBC	111,356	111,127	113,455	112,842	115,288	63,650	86,498	79,404	77,759	79,147
Total Net Cost to GYBC - If purchsed from TCI Reserve						63,650	67,523	60,429	58,784	60,172
Summary - Financial Business Case										
Net Cost/(Saving) in year	111,356	111,127	113,455	112,842	115,288	63,650	86,498	79,404	77,759	79,147
Cumulative cost/(saving) (payback within 4 years)	111,356	222,483	335,938	448,780	564,067	63,650	150,148	229,552	307,311	386,458
Town Centre Initiative Reserve - Uncommitted Balance	425,434 (111,356)	314,078 (111,127)	202,951 (113,455)	89,496 Not sufficient funding	89,496	425,434 (63,650)	361,784 (86,498)	275,287 (79,404)	195,882 (77,759)	118,123
	314,078	202,951	89,496	89,496	89,496	361,784	275,287	195,882	118,123	118,123
OPTION IF FUND PURCHASE FROM RESERVE										
	425,434	172,034	104,512	104,512	104,512	425,434	172,034	104,512	104,512	104,512
	(189,750)	0	0	0	0	(189,750)	0	0	0	0
	(63,650)	(67,523)	Not sufficient funding			(63,650)	(67,523)	Not sufficient funding		
	172,034	104,512	104,512	104,512	104,512	172,034	104,512	104,512	104,512	104,512