

## TAUNTON DEANE BOROUGH COUNCIL

EXECUTIVE 24th MAY 2005

### REPORT OF THE FINANCIAL SERVICES MANAGER

( This matter is the responsibility of Exec Cllrs Bradley and Cavill)

### POTENTIAL HIRE OF SKATING RINK – WINTER 2005/06

#### **Executive Summary**

The Town Centre Manager has recently investigated the potential for the Council and the Town Centre Partnership (TCP) to jointly fund an ice rink in Taunton during the Christmas shopping period. A financial and risk appraisal has been carried out on this proposal. The Executive is requested to consider whether or not this is a venture which they wish to pursue further.

#### **1 Background Information**

- 1.1 In recent years the Town Centre Partnership has hired a small “artificial” skating rink in the run up to Christmas, the rink has been located at Goodlands Gardens and High Street, and has been used to boost the Christmas shopping experience within Taunton Town Centre.
- 1.2 The Town Centre Manager has recently investigated the potential for the Council and the Town Centre Partnership to jointly fund a real ice rink (20m x10m) in Taunton during the Christmas shopping period. A financial and risk appraisal of this potential scheme has been carried out and the results are shown below. The preferred supplier for the rink would be Cousins Entertainment Ltd.

#### **2 Financial Appraisal**

- 2.1 The proposal is to hire the facility for 4 weeks commencing 10 December. The expected hire and running costs are in the region of £77,000 for this period. The Town Centre Partnership would be required, via the preferred supplier, to provide staffing, fuel, security and marketing for the facility, this is included within the total costs quoted above. The costs above are reasonable given the expected staffing levels required and the amount of marketing necessary in order to properly promote the facility.
- 2.2 Income levels are dependant on 2 factors, price per person and expected usage. It is estimated that income (based on a £5 per 45 minute session charge for adults, and £4 for children) could be in the region of £41,000 for the 4 week period. This leaves a shortfall of around £36,000. However the Town Centre Partnership would wish to try and attract sponsorship and income from catering concessions which would lower the anticipated overall deficit. The level of the deficit is such that the TCP would require this Council to underwrite all or part of any loss on the venture.

2.3 With the costs of the rink being largely known a sensitivity analysis has been carried out based on the various customer take up scenarios. The impact on the overall deficit of the scheme is shown below (again this excludes any sponsorship income):

<b>Expected Usage</b>	<b>No of Customers over 4 week period</b>	<b>Anticipated Deficit (before sponsorship/concession income) £*</b>
60% of capacity	10,920	36,060
50% of capacity	9,100	42,870
40% of capacity	7,280	49,690
30% of capacity	5,460	56,500

\* This assumes a 60/40 split of customers between children and adults.

A figure of 60% has been set as the upper limit for expected usage as this is in line with industry norms.

2.4 In order to review how robust the figures are for this proposal a meeting has been held with the potential supplier and discussions have taken place with other Councils who provide such a facility during the Winter. The success (or otherwise) of real skating rinks is dependant upon factors such as sufficient marketing, weather and competition from other rinks in nearby towns.

2.5 As shown above it is likely that this venture would require deficit funding, as no budget exists for such an arrangement it is suggested that, if Members wish to support such a scheme, funding is found during the year from underspends identified via the budget monitoring process. In addition Members may find it helpful to introduce an arrangement whereby a percentage of income is earmarked for reinvestment in town centre improvements.

2.6 If Members are minded to support this venture then looking to the future there is the potential for this to be a regular event for Taunton. It is important to remember that whilst the rink may not be financially self supporting there is an increase in profile for towns which have a temporary ice rink. In addition the Christmas shopping experience is enhanced and there is also anecdotal evidence that other factors such as youth crime reduces when such a facility is made available to the general public.

### **3 Risk Appraisal**

3.1 The main risks associated with such a venture are largely centred around the financial viability of such a scheme, however it is important to look beyond the financial aspects and therefore attached at Appendix A is a simple risk register for this scheme. This includes both financial and non-financial risks.

3.2 In summary the risks, which have been assessed at above TDBC's "risk appetite", are:

<b>Risk No</b>	<b>Risk</b>	<b>Why</b>
1	Application for Planning Permission/PEL is refused	Facility cannot proceed
2	Adverse weather conditions	Poor weather would deter customers and reduce the quality of the ice
3	Competition from other rinks	Reduction in customers
11	Additional staffing resources required to adequately plan and manage the facility	A lack of staffing resources means that the event suffers from poor promotion and marketing
13	Usage levels of rink are poor	Increase in deficit
15	Sponsorship from local business is unforthcoming	Increase in deficit
16	Ticketing arrangements are poor	Reduction in customer numbers/bad PR for the event
17	Unexpected Cost increases	Increase in deficit

3.3 Clearly the impact of many of these potential risks can be reduced through proper planning of the event and ensuring that work has been carried out beforehand. It is suggested that a firm commitment, or otherwise, is required before the schools break up for the summer, this allows sufficient time for planning and publicising the event.

#### 4 **Long Term Options**

4.1 Officers have had discussions with the preferred supplier regarding the viability of a long-term rental of such a facility ie 3 months +. In addition the potential purchase of a temporary rink has also been investigated. The supplier indicated that they were not aware of any location within the Country that had an outdoor rink for a period of more than a few weeks. This is due to their overall financial viability; storage issues and time limited appeal to the public of skating as a sport.

4.2 Modern municipal rinks now tend to be permanent features, located in purpose built facilities linked closely with ancillary activities such as a swimming pool. However the overall running costs are very high and skating has seen a downturn in national profile over recent years. These factors, together with Taunton's demographic make up lead officers to conclude that whilst a temporary rink could, at best, break even a more long term or permanent facility is not viable.

4.3 Should Councillors wish to further investigate a longer term solution then it is suggested that a far more thorough appraisal of costs/benefits is carried out.

## **5 Conclusions**

- 5.1 Whilst there are uncertainties regarding the overall level of deficit it should be remembered that the existing artificial facility is very popular and therefore the attraction of a real ice-skating rink within Taunton could considerably enhance the Christmas shopping experience. If publicised widely this could bring in additional shoppers to Taunton in the run up to Christmas.

## **5 Recommendation**

- 6.1 The Executive is requested to consider:-
- a. Whether or not they wish the TCP to pursue the hire of a real skating rink prior to Christmas; and
  - b. The arrangements for funding the potential deficit, including the potential to enter into an income sharing arrangement.

### **Contact Officer:**

Paul Carter

Financial Services Manager

Tel 01823 356418

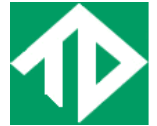
Email: [p.carter@tauntondeane.gov.uk](mailto:p.carter@tauntondeane.gov.uk)

***RISK PROFILE: Potential Hire of Skating Rink – Winter 2005/06***

***Lucy Ball – Town Centre Manager***

<b>A</b>		3	11	
<b>B</b>			15	
<b>C</b>			2, 13, 16, 17	
<b>D</b>		7, 8, 10, 12	14, 18	1
<b>E</b>	9		4, 5	
<b>F</b>				
	iv	iii	ii	i

## TOWN CENTRE MANAGER (LUCY BALL) – SKATING RINK RISK REGISTER – MAY 2005



Risk Identification and Management						Risk Tracking		
Risk No.	Risk Rating	Description of Risk	Agreed Management Action	By When?	Action Owner	Risk Still Live?	Updated Risk Level	Actions/Comments
1	D1	Applications for Planning Permission and Public Entertainment Licence (P.E.L)						
2	C2	Adverse Weather Conditions (i.e. Wind etc)						
3	A3	Competition from Other Skate Rinks (i.e. Bristol and Plymouth)						
4	E2	Marketing of Ice Rink						
5	E2	Good or Bad Publicity for the Ice Rink						
6	-	Criticism for spending money on Ice Rink with current budget concerns (Not added to Risk Register but captured risk from workshop discussions)						

Risk Identification and Management						Risk Tracking		
Risk No.	Risk Rating	Description of Risk	Agreed Management Action	By When?	Action Owner	Risk Still Live?	Updated Risk Level	Actions/Comments
7	D3	Parking Facilities for Access to Ice Rink						
8	D3	Ice Rink Equipment Failure (Generator Failure as advised by Cousins Entertainment)						
9	E4	Noise Pollution from Use of Ice Rink (Minimal from General Use/PA System/Music/Generator)						
10	D3	Additional Costs in the event of Emergency Call Outs in the event of accident/injury						
11	A2	Additional Resources Required for running Ice Rink						
12	D3	Vandalism of Ice Rink						
13	C2	Usage Levels of Ice Rink						
14	D2	Pricing for use of Ice Rink (£5.00 Adults, £4.00 Children)						
15	B2	Sponsorship from Other Local Businesses						
16	C2	Sale and Availability for Ticketing the Ice Rink						

Risk Identification and Management						Risk Tracking		
Risk No.	Risk Rating	Description of Risk	Agreed Management Action	By When?	Action Owner	Risk Still Live?	Updated Risk Level	Actions/Comments
17	C2	Contingency in place in the event of unexpected costs occurring						
18	D2	Concessions						
19	-	Adequate Insurance Levels (Public Liability Insurance) (Not added to Risk Register but captured risk from workshop discussions)						