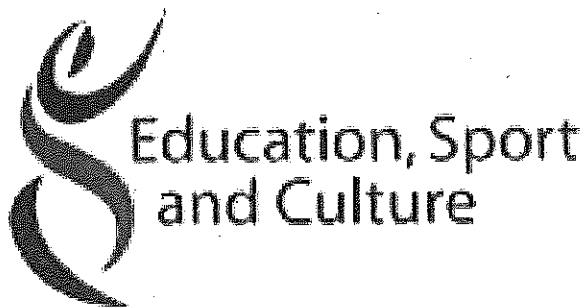


Fort Regent conference+events venue

strategy finance delivery

pmp

Fort Regent conference+events venue



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STAGE 1 REPORT

BY

PMP

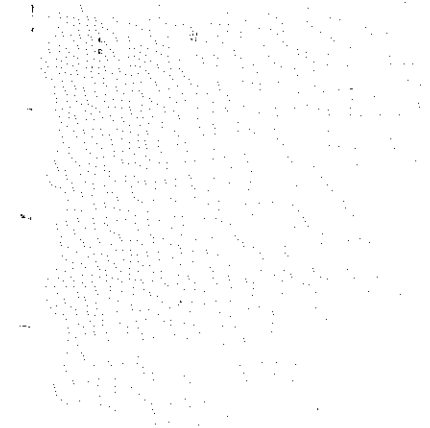
11 November 2004

CONTENTS

Section	Page
1 Introduction	1
2 Research and consultation	3
3 Development options and costings	14
4 Procurement and management options	40
5 Business plan and financial modelling	53
6 Impact assessment	64
7 Overall business case	81
8 Recommendations and the way forward	83

Appendices

- A Development option schedules of accommodation
- B Business plans and financial models
- C Impact assessment spreadsheet model



Section 1

Introduction



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Background

- 1.1. PMP was appointed in August 2004 to support the Fort Regent conference+event venue Project Team in assessing the business case and rationale for the development of a new conference+events venue at Fort Regent.
- 1.2. This project follows the completion of a 'Jersey Conference Centre Study' in June 2004 by the Tourism Company, which assessed demand for the provision of large scale facilities within Fort Regent's Queens Hall Rotunda. This study concluded that there is the potential to significantly increase Jersey's share of this market, subject to the provision of sufficiently high quality facilities with appropriate management, marketing etc.
- 1.3. The Hotel de France and other conference providers within Jersey have stated their support for a new development, as they believe that it will help to strengthen the overall conference market in Jersey.
- 1.4. The need to identify a future for Fort Regent is a key driver for this project. It has been identified as the only available States owned site for the development of conference and event facilities. The only exception is the Waterfront, the development of which is being overseen by WEB, but alternative developments are currently planned for this site.
- 1.5. It is recognised that only a minority of conference+ev and event s centres meet their operating costs, that very few are able to cover debt servicing costs and that a subsidy may therefore be required if a new facility is developed in Jersey. A key focus of this study was therefore to understand the potential wider benefits and other implications of a new conference and events facility for the Jersey economy, in order that an objective cost benefit analysis of the development opportunity could be undertaken. The importance of robust capital costs and an understanding of ongoing revenue implications were also recognised as central to this process.

Project team

- 1.6. The Fort Regent conference+events venue project team includes the following States of Jersey representatives:

Derek de la Haye	Assistant Director Sport and Leisure
Kevin Lemasney	Jersey Tourism
Dougie Peedle	Economic Advisor
Bob Henkhuzens	Tourism Board
Ray Foster	Head of Corporate Capital – Treasury
David de Carteret	Jersey Tourism
Mike Heald	Assistant Director of Policy and Planning

- 1.7. The consultancy team supporting the project team includes:

Peter Mann	PMP	Management Consultants
Helen Robson	PMP	Management Consultants
Haydn Jones	Saville Jones	Architects
James Woodrough	Davis Langdon LLP	International cost consultants
John Poole	Colin Smith & Partners	Jersey based cost consultants

SECTION 1 - INTRODUCTION

1.8. The Project Steering Group overseeing the project includes:

Senator Mike Vibert	Education, Sport and Culture Committee
Deputy Grime	Finance and Economics Committee
Deputy Lyndon Farnham	Economic Development Committee

The process

1.9. The key tasks involved in the development of this business case/ rationale for a conference+events venue in Jersey include:

- identification of development options (building upon a facility mix set out in the Tourism Company's report)
- market testing with potential developers/ operators
- design and costings of potential development options
- procurement/ operational/ management options
- business planning and financial modeling
- impact assessment
- business case development
- overall recommendations for the way forward.

1.10. The project has been split into two phases:

- **Phase 1** involved consultation, desk research and market testing to establish the development and management options for Fort Regent and a review of the varied impacts of developing a conference+events venue in Jersey. The Phase 1 findings were then reviewed with the full project team and an action plan for Phase 2 developed
- **Phase 2** included development and refinement of the options identified in Phase 1. The outputs, provided within this report, include business planning and financial modelling, design options and costings, impact assessment, procurement and management options and an implementation plan with clear recommendations for the way forward.

Report structure

1.11. Our report is structured as follows:

- **Section 2** - research and consultation findings
- **Section 3** - development options and costings
- **Section 4** - procurement and management options
- **Section 5** - business plan and financial modelling
- **Section 6** - impact assessment
- **Section 7** - overall business case
- **Section 8** - recommendations and the way forward.

Section 2

Research and consultation



Introduction

- 2.1 Significant primary research and consultation with conference organisers and other stakeholders was undertaken as part of the Tourism Company's recent report. Therefore, as per the brief, only secondary research and consultation has taken place within this project and it has focussed on understanding the context of any new conference+events venue development within Jersey.

Document review

- 2.2 A review of previous Fort Regent redevelopment project reports has been undertaken as part of this study process, including:
- **The Future of Fort Regent – The Jersey Sports Village – Community Sports Centre into the Millennium with 20:20 vision, RQA, 1997** – a feasibility study into the redevelopment of Fort Regent which assessed a number of different development options including redesigning the internal layout of the centre and elevator access from Snow Hill. This study discounted the development of a conference facility within the Fort on the basis that it would conflict with the sporting focus of the facility and recommended the development of a first floor within the Rotunda to provide a bowls facility
 - **Fort Regent Redevelopment, Jersey Sports Village - Structural Scheme Design Report, June 1999** – this report reviewed structural aspects of the site and developed design criteria for the development of the Rotunda as a bowls facility and the proposed new access from Snow Hill. It also provided a risk assessment of the development proposals
 - **Jersey Sport Village, Fort Regent, Saville Jones Architects, 2001** – this report provided development recommendations for a wide range of facilities within Fort Regent with associated outline plans and costings, including conference centre provision within the Queen's Hall Rotunda. The report emphasised the importance of good access to the future success of Fort Regent
 - **Proposed Redevelopment of Fort Regent – Phasing Document, Saville Jones Architects, February 2002** – this report set out a four-phase action plan for the redevelopment of Fort Regent, building upon the 2001 study. It focused on outline development plans, the phasing process and associated development costs
 - **Proposed Conference Facility, Fort Regent, Saville Jones Architects, April 2002** – this report focused on the Conference Centre proposals identified in previous SJA reports and building upon previous recommendations developed outline proposals and block plans for this facility
 - **Jersey Conference Centre Study, The Tourism Company, 1st version produced in May 2003 and updated in July 2004** – this study focussed on the implications of developing a new conference+events venue in Fort Regent. Key findings which have provided a basis for this current study, include:

SECTION 2 – RESEARCH AND CONSULTATION

- Fort Regent is now a 'last resort' venue and no longer able to compete effectively for major association conferences. If the States choose to do nothing, the overall conference market could gradually decline as venues lose out to other destinations
- based on market research it is believed that Jersey could aim for a target of 26 large, national and corporate conference a year, subject to development of a facility of the right size, quality and price, with appropriate access. Research also indicated that the event programme could be expanded by 24 events per annum
- a refurbished/ re-launched conference+events venue at Fort Regent will require a significant capital injection by the States and an ongoing annual operational subsidy
- a new conference centre will support the growth of conference business in Jersey and will generate significant direct spend in the Jersey economy each year. It will also provide a symbol of regeneration in Jersey, boost the tourism sector in general, stimulate further private sector development and help to broaden the business and meeting tourism sector.

2.3 Whilst a limited number of the recommendations identified within the reports completed prior to the Tourism Company report have been implemented at Fort Regent, most have not. This has been for a combination of reasons including lack of States, public and other stakeholder support and lack of funding. The importance of ensuring that any development options identified within this study are deliverable is therefore recognised.

Consultation findings

2.4 In addition to an initial workshop session with the Project Team and a project review meeting with Steve Beioley of The Tourism Company, the following key stakeholders have been consulted:

- Phil Austin, Chief Executive, Jersey Finance Limited
- Paul Tucker, Director, Property Services
- David Margeson, Waterfront Enterprise Board
- Peter Thorne, Director, Planning and Environment
- Hamish Reed, General Manager, Jersey Conference Bureau
- Bill Ogle, CEO, States of Jersey
- Colin Stanier, Events and Conference Manager, Education, Sport and Culture.

2.5 The key findings from the initial project team workshop and subsequent consultation process are summarised within this section. The findings have been categorised as follows:

- development aspirations
- development context
- site
- facility mix
- market
- funding and management options.

Development aspirations

2.6 During the initial workshop, the Project Team identified the following development aspirations for Fort Regent within the context of this project:

- an innovative, iconic, original and exciting development
- sustainable development providing added value and value for money
- a development which will change the nature of tourism in Jersey, reversing current trends and developing new markets/ opportunities
- a development which provides a clear strategy for the future of Fort Regent
- a development that reflects corporate development strategies, other island developments and incorporates European best practice
- a clear economic case and business case incorporating broader multiplier effects essential to justify funding.

2.7 Most importantly, if a business case is identified for conference and event centre facilities at Fort Regent, the Project Team reinforced the need for development plans to be realistic and deliverable. This reflects concerns about the lack of progress following previous studies.

Development context

Current developments

2.8 Ongoing developments in Jersey which may impact upon the development of Fort Regent include:

- the Esplanade Square development proposals on the Waterfront, which promote the relocation of Jersey's finance organisations to an area of the Waterfront, could generate demand for conference facilities

SECTION 2 – RESEARCH AND CONSULTATION

- the Waterfront hotel is in the final stages of negotiation. This hotel will be of four star quality and will have small scale conference facilities. Due to its Waterfront location, this hotel is likely to play a central role in servicing any future conference venue in Jersey. Many conference market professionals would advocate that the conference centre facilities should ideally be developed on the same site as this hotel to increase the attractiveness of the 'conference package'. However, others argue that conference facilities are destination venues and therefore do not need to be located either directly adjacent to hotels or on prime development sites. We support the view that where it is possible to develop these facilities in tandem this should be promoted
- Jersey University – a working party has been set up to review options for the development of a university in Jersey. This university could focus on Jersey's current strengths such as finance, leisure/ tourism, marine biology and zoology. Planning discussions have involved potential links with educational institutions from Jersey and the UK. An important step towards this development was made earlier this year when Highlands College became a Partner College of Plymouth University
- European Business School concept – proposals for an expanded business school, which can support the training needs of the local business community and provide international training opportunities, are currently being developed.

2.9 Potential linkages between Fort Regent and the University and/ or European Business School proposals could include relocation to the Fort site or usage of the conference facilities. As noted by David Margeson of WEB, 'if the European Business School...were able to capture even 5% of the Canary Wharf training budget alone, it would drive the viability of the conference/ events facility'.

Other development context issues

2.10 Other development context issues, which will inform the development of Fort Regent, include:

- **Waterfront Enterprise Board (WEB)** - a number of consultees noted that the innovative and commercially led approach taken to development of the waterfront should be replicated as part of any conference+events venue development. WEB is an arms-length States organisation, set up as a Special Purpose Vehicle to oversee development of the waterfront
- **Political and public support for the site** - Fort Regent is believed to be a major asset for the States that could potentially contribute towards the economic growth of the island, if a sustainable long-term use could be identified (whether this is an extension of existing uses or new uses). Unfortunately, despite several studies, none of the development options identified to date have been implemented and a proposed study in 2003 to review the future of the entire site was aborted due to concerns regarding displacement of current user groups. The importance of understanding and reflecting political and public opinion within the development process is therefore recognised.

Site

Planning/ property context

- 2.11 Fort Regent has been identified as the only available States owned development site for a conference+events venue in Jersey. The only exception is the Waterfront, the development of which is overseen by WEB, but alternative development plans are currently being implemented. Alternative sites are available, such as the old brewery sites, but these are currently privately owned and would need to be purchased or a land swap undertaken.
- 2.12 Whilst tired and dated, previous structural studies have concluded that the Fort Regent building is structurally sound.
- 2.13 The future of the Fort Regent site is unknown. It has been excluded from the current Jersey States property portfolio case studies review due to ongoing studies by Leisure, Education and Culture with respect to the future of the site (including this study).
- 2.14 Property consultees believe that Fort Regent will only be allowed to leave the States property portfolio if any proposed private sector development would bring major financial benefits to the Jersey economy.
- 2.15 The Project Team has recommended that all site opportunities at Fort Regent be investigated with nothing ruled out as the development will need to stack up financially. Areas of the Fort which could potentially be developed, as identified by property and planning, include:
- all areas within the current Fort walls (some restrictions around the edges of the Fort walls may apply), although Queens Hall, which has been the focus of all research to date, is the only area which could be developed if the current sports facilities are retained. The old cable car site was also identified as an area of the site which is not currently used
 - pool site – scope for development within current pool building footprint (some flexibility allowed). This site is considered very valuable and has been ring marked for future hotel/ residential development subject to market interest.
- 2.16 Whilst there are no legal covenants, development on the Glacis field site to the front of the pool site is not permitted, as it is a site of special interest that the States wish to retain.
- 2.17 The current Sea Cadets site is also potentially available for development, with alternative sites for this group currently being explored. However, any developments would need to take planning concerns regarding development of the ditches into account.
- 2.18 Consultancy firm, A Gibbs, has recently completed a detailed review of the conservational significance of Fort Regent. This review supports the need for sensitive and well planned development of any areas of the site, in order to retain its heritage and conservation value.
- 2.19 Most reasonable uses for the Fort would be acceptable from a planning perspective, subject to their complementing developments at the Waterfront and town centre. For example, only limited retailing would be permitted as the States are currently trying to focus retail development within the town centre.

Surrounding developments

2.20 Proposed developments on or surrounding the site, which need to be taken into account in reviewing development options, include:

- **Snow hill car park** - Property Services are planning to develop new offices for States of Jersey departments, including relocation of the departments currently based at the South Hill complex. Snow Hill car park has been identified as an underused area and Property Services are currently assessing the potential to develop a 200 space car park with offices on top. This would represent an ideal opportunity to develop access to Fort Regent but separate funding for this access would need to be identified.

Several site issues will need to be overcome if these plans are progressed, as summarised in the recent 'Snow Hill Parking Expansion Preliminary Feasibility Report'. In brief, the problems include a cavern that due to the need for vehicular access impacts on the development height, the need to retain emergency access points and a shaft that is linked to the town's sewers. Therefore, whilst development of this site is supported, the site limitations and subsequent financial implications may limit development potential.

- **South Hill offices** - if offices are developed at Snow Hill, the South Hill site could be marketed for housing development. It is recognised as a good site for residential development and has also received interest from hotel developers in the past.
- **Cable car site** – not used and potential for development.

Image

2.21 Due to its hill top position and the roof design, Fort Regent is considered to be an iconic site by some stakeholders and the image of the Fort has strong associations with Jersey.

2.22 However, it also suffers from a poor/ tarnished image resulting from lack of investment and development, which could negatively impact on any future development. A change of name for any future conference+events venue facility was therefore recommended, to help overcome existing image problems.

Access

2.23 Many consultees consider improved access to Fort Regent essential for the future of the site. Snow Hill is seen as a key access point and the Weighbridge was also identified as a potential access point. It is also believed that poor physical access is compounded by poor communication on accessing the site.

2.24 In contrast to this, the Jersey Conference Bureau indicated that improved physical access at Snow Hill is not essential for conferences as organisers typically aim to ensure a captive market and avoid disbursement at lunchtime and other breaks. They indicated that improved coach services from hotels would be adequate for the needs of conference attendees. Jersey Conference Bureau also noted, however, that access would be beneficial for the leisure facilities and other entertainment and sports events accessed by the public, as well as Snow Hill retailers.

Facility mix

Conference facility mix

2.25 The schedule of accommodation proposed in the recent Tourism Company report has been used as a basis for options development within this study. The key elements of this include:

- an auditorium capable of seating C1200-1400 in raked seating with potential for subdivision into smaller spaces
- a useable stage with dressing rooms to cater for events
- an exhibition space of at least 1000m²
- an area which can be used for catering/ banqueting or additional exhibition space of 1000m²
- 10 break out/smaller spaces with at least two rooms capable of accommodating 200 people
- offices, press accommodation etc.

2.26 The consultation exercise has demonstrated support for the above facility mix and the development of conference facilities generally.

Supporting development

2.27 Whilst the conference+events venue is the key focus of this study, the potential to link the development with other supporting developments (forming a mixed use development) has also been reviewed during the research and consultation phase to establish any benefits which could accrue, such as:

- increased market interest by commercial developers/ operators if a mixed use development is progressed
- increased development values
- potential for developments to cross-subsidise one another, reducing States subsidy requirements
- increased attractiveness to potential users
- cross-usage/ fertilisation of facilities
- increased economic and other benefits for Jersey.

2.28 Supporting developments for the conference+events venue could potentially include:

- gaming/ casino
- residential
- office
- hotel
- university
- European Business School.

SECTION 2 – RESEARCH AND CONSULTATION

- 2.29 For example, during Phase 2 the consultancy team were contacted by the proposed Waterfront Hotel operators consultants, requesting information on the status of the conference and event centre, recognising that its development would benefit the hotel operation.
- 2.30 Consultee feedback on the viability of these supporting developments indicates that whilst a mixed use development is considered to represent the optimal long-term solution, particularly for Fort Regent, there are concerns relating to:
- development timescales – there is some concern that the inclusion of supporting developments will extend the conference+events venue development timescale due to political/ public support and planning issues such as change of use requirements on the sites being considered. Project team members have indicated that if the conference+events venue is to be progressed, it needs to take place in the short-term in order to support the declining tourism market in Jersey
 - market interest/ funding – there is concern that whilst market demand for supporting developments may be identified over time, there is no expressed demand by developers at present, and there is concern that this will also impact on overall development timescales
 - other development planning processes – separate working groups/ organisations, such as State Committees and WEB, are currently reviewing some of the supporting development options identified above in relation to their own development planning processes. Whilst ideally these organisations would come together to identify an optimal solution, they are typically working to different timescales and objectives, which makes this difficult. It will be important to understand the findings of these groups before detailed plans are developed for mixed use developments at Fort Regent.
- 2.31 The focus of this study therefore continues to be on the core conference+events venue, although links to supporting development opportunities, and the potential for a staged approach to mixed-use development, are reviewed where appropriate.

Development standards

- 2.32 The consultation feedback reaffirmed our professional opinion that if conference facilities are to be developed in Jersey they need to be first class to compete effectively within a competitive market. They will also need to be flexible and upgradeable as the market develops.

Queens Hall Rotunda development

- 2.33 Whilst previous studies have demonstrated that a floor can be installed into the Rotunda, potentially providing an exhibition space on the ground floor and conference facility on the first place, specific concerns regarding the use of Queens Hall Rotunda, as identified by consultees, include:
- there is concern that it will be difficult to build a first class conference and events facility within the Queens Hall Rotunda due to the limitations imposed by the design of the existing building, eg location within sports centre, circular building, access etc
 - all consultees confirmed that the sports and conference/ event centre facilities, including entrances, would need to be completely separate

SECTION 2 – RESEARCH AND CONSULTATION

- some stakeholders believe that Fort Regent should remain a base for sport and leisure activity. Displacement of current user groups will therefore need to be minimised
- outside access areas need to be improved including coach turning areas
- could potentially moribund the site and limit development potential at a later date
- may limit future flexibility and development/ expansion potential of the conference+events venue
- existing Fort Regent catering is poor and the new centre would need to have a significantly better offer, building upon best practice at facilities such as Earls Court, which has developed a number of catering franchises.

2.34 Reflecting the above concerns, the Tourism Company has indicated that whilst development of the Rotunda may represent the lowest cost option for Jersey, it is **likely to be a short to medium term solution due to uncertainty about the future of the surrounding site and limitations on future expansion**. They suggested that it would represent a first step into the large-scale conference market, and that subject to its success, the States could then decide whether to progress a larger scale development for the longer term. PMP agree with these concerns on the basis that any development plans should be sustainable in the long term.

2.35 If the Queens Hall Rotunda is developed as a conference+events venue, there is clearly a need to understand how it will impact on, and relate to, the rest of the Fort Regent building, associated infrastructure and overall Jersey conference package/ offer.

Market

Current conference market at Fort Regent

2.36 Whilst (anecdotally) Fort Regent has attracted large association meetings in the past, the use for conferences has declined over the years in the face of competition from better facilities elsewhere and is now minimal. In 2003, it hosted three major conferences, although one of these only came about because of the fire at the Hotel de France. There was only one major conference in 2001.

2.37 Consultation feedback confirmed previous findings that the key factor restricting the conference market at Fort Regent is poor facilities. This in turn has resulted in limited marketing efforts and reduced marketing budgets, due to the difficulties involved in selling the current facilities to conference organisers when they visit the site. Due to the state of the current facilities, Jersey Conference Bureau has had to provide a subvention for many of the recent large conferences in Jersey and profit targets of the Fort Regent conference team are very low.

Future conference market potential

2.38 A number of consultees, including Jersey Finance and Jersey Conference Bureau, strongly support the findings of the Tourism Company report which suggest that Jersey might reasonably aim for 26 large, national and corporate conferences a year (16 association and 10 corporate meetings).

SECTION 2 – RESEARCH AND CONSULTATION

- 2.39 Jersey Conference Bureau believes that Conference organisers are bored of visiting the same places and that Jersey is a different and interesting venue which they would use if facilities were competitively priced. In addition, the Jersey University and European Business School proposals could potentially result in additional markets for use of any conference facilities.
- 2.40 Hotel de France and other hotels are also very supportive of the Fort Regent proposals, believing that any developments will help to expand and benefit the overall conference market.
- 2.41 All consultees have reinforced the need for any new facility to be first class, flexible and upgradeable in order for it to be competitive. Commercial marketing and management of the facility were also identified as essential if the facility is to be successful. It is necessary to question whether the Queens Hall rotunda development option can meet these criteria in the longer term.

Current event market at Fort Regent

- 2.42 Fort Regent already has a growing events programme with circa 22 popular music and entertainment and 26 sports tournaments and other events currently held in Fort Regent per annum. However, feedback indicates that the existing capacity and quality are not adequate for many promoters.
- 2.43 Another key issue impacting on this market is the limited size of the population, which limits the potential audience and subsequent ticket sales for any event.

Future event market potential

- 2.44 The Tourism Company's discussions with concert promoters indicated that Fort Regent's events programme could be expanded, given a new auditorium, by some 24 events a year.
- 2.45 However, consultees also urge caution, in light of the small Jersey population, and the limitation this places on the events that could be successfully accommodated in Jersey.
- 2.46 The project team also reinforced the need to ensure that the conference+events venue does not displace events from other smaller scale event venues within Jersey.

Current Jersey package

- 2.47 The Tourism Company reviewed the limitations imposed by the 'Jersey package' on the potential conference and events market including the logistics and expense of travel, the size of the population and the existing hotel stock.
- 2.48 Logistics and expense of travel are considered to have the greatest impact on the conference market at Fort Regent, along with facility quality issues.

Future Jersey package potential

- 2.49 The Jersey Conference Bureau is confident that if sufficiently high quality facilities are provided at Fort Regent to attract large conferences organisers, then the prices of flights and accommodation are unlikely to be a major issue as preferential rates are available on early bookings and charter flights can be organised if required, with organisers often willing to pick up the cost of one direction travel.

SECTION 2 – RESEARCH AND CONSULTATION

- 2.50 However, it will be important in moving forward that any new Conference Centre management team work with the airlines from an early stage to ensure attractive packages for conference and event centre users.

Funding and Management options

- 2.51 The project team has indicated that the States will consider all potential funding and management options for a new conference+events venue in Jersey.

- 2.52 Based on consultation to date, we believe that the following objectives should inform the funding and management options review process:

1) Funding

- minimise States capital and ongoing revenue investment/ subsidy - but this will be balanced against the broader economic benefits of the scheme
- maximise commercial investment in the scheme – the Waterfront has demonstrated the ability of Jersey to attract private sector funding
- development should be considered as an investment for Jersey/ the States with return on investment potential (whether financial or non-financial)
- the potential for a special purpose vehicle (SPV) or public private partnership (PPP) led development route should be explored.

2) Management

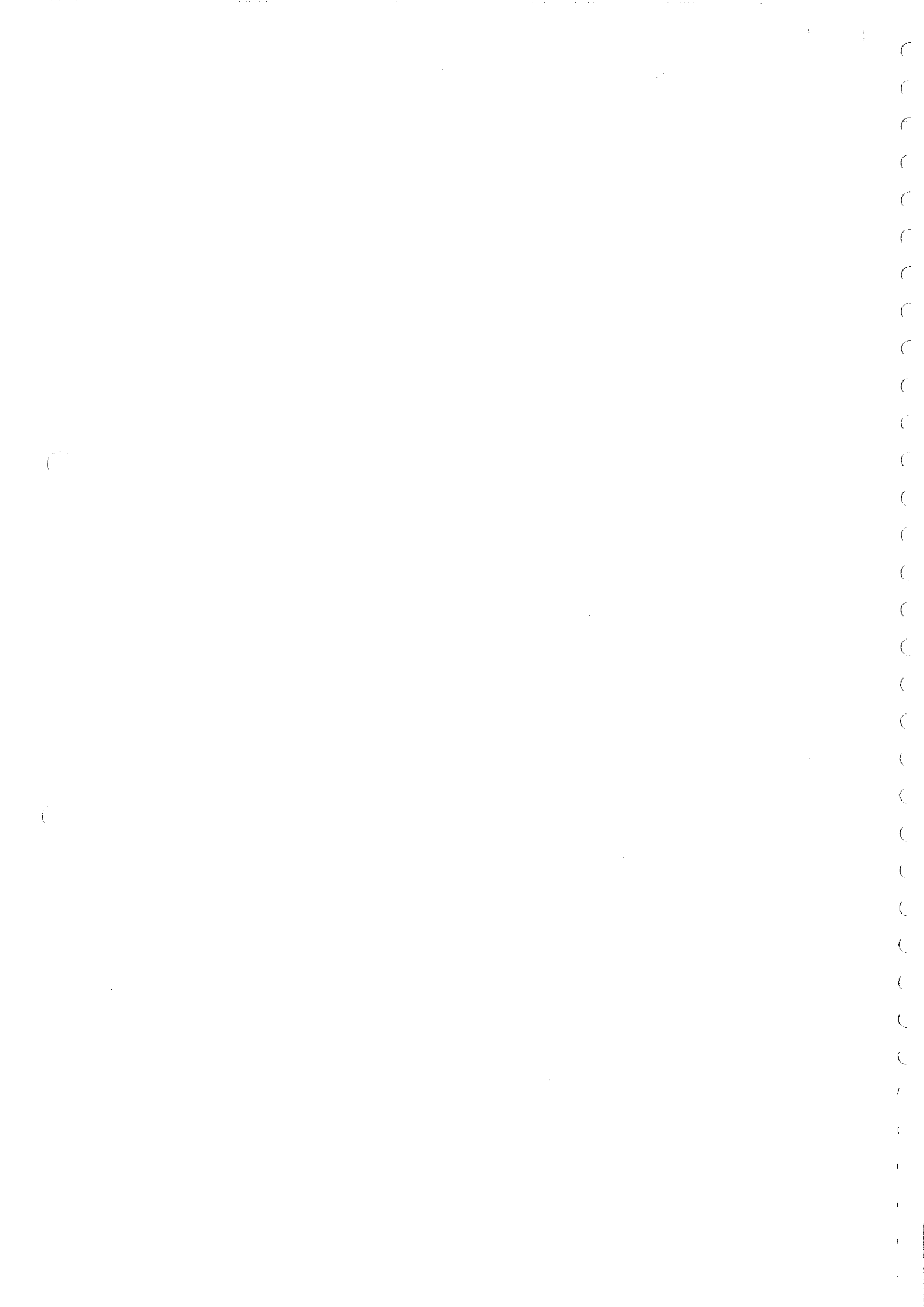
- future management should optimise benefits for the tourism industry and the island
- minimise risk associated with the operation of the facility
- a commercial approach to facility management is considered essential.

- 2.53 Further consultation findings regarding funding, procurement and management options include:

- States not precluded from borrowing but no examples to date. Prudential borrowing is becoming a key source of public sector project financing for projects of this nature on the mainland and may be an option for the States
- there has been a cautious approach in the past to public private partnership development but this is now changing. The potential to include the development of Fort Regent within WEB's remit or to develop a similar SPV could therefore be explored
- there is recognition that the States will need to invest seed capital and provide an attractive investment package if it is to attract private sector developers
- the Jersey downturn was not as significant as in the UK and confidence in Jersey is now growing, although investors are still cautious
- States are unlikely to permit freehold/ long lease (50-100yrs+) on States owned development sites, but 25-30 yrs management/ leasehold contracts may be possible.

Section 3

Development options and costings



Introduction

- 3.1 Building upon feedback from the research and consultation process three conference and event centre development options have been identified:

1. Queens Hall Rotunda

This option involves installing a new floor inside the Queens Hall rotunda creating an exhibition centre on the ground floor and a conference hall with raked seating on the upper levels. The Tourism Company schedule of accommodation has been used in the development of this option. It includes a dedicated entrance and foyer with lift access to the conference hall levels. It is proposed that the facility is completely self-contained with no access to the surrounding Fort Regent sports centre.

2. Existing swimming pool site at Fort Regent (plus sub-option on adjacent Sea Cadets site)

This option is for a new stand-alone conference facility on the former swimming pool site. The Tourism Company schedule of accommodation has been used in the development of this option.

An alternative to this location is the adjacent Sea Cadets site, although due to space limitations it would not be possible to accommodate all elements of the Tourism Company's recommended schedule of accommodation.

3. Alternative site within St Helier

The final option reviews the impact of locating the conference+events venue on an alternative site away from Fort Regent. As the alternative sites are yet to be confirmed, no additional design work has been undertaken. The Option 2 stand-alone conference facility plans have been used as a basis for discussion.

- 3.2 Each of these options is reviewed in detail below with respect to:

- design proposals (block planning stage)
- capital costs
- operational issues such as noise transfer/ level of cross-over between conference and sports centre users/ security/ servicing of events/ access etc
- displacement effects/ opportunity cost
- long term sustainability/ viability.

- 3.3 Once the implications of these options are understood it will be possible to make an informed decision on the optimal development option for Jersey.

1. Queens Hall Rotunda development option

Design

- 3.4 The redevelopment of Fort Regent proposals published in March 2000, identified the possibility of inserting an additional high level floor within the Queen's Hall Rotunda.
- 3.5 The current height of Queen's Hall is sufficient to allow an exhibition hall on the ground floor and a conference hall capable of seating up to approximately 1840 people on a new upper level, as demonstrated by the block plans in Figures 3.1 to 3.5.
- 3.6 These block plans demonstrate how an autonomous conference facility could be created within the existing Fort structure, incorporating the ancillary accommodation required for a modern conference venue. The designs allow the main sports, community and conference activities of the Fort to co-exist within the Fort walls, whilst being completely separate of each other.
- 3.7 A full schedule of accommodation for the Queens Hall Rotunda development option is provided within Appendix A. It includes all elements of the Tourism Company's recommended schedule of accommodation.
- 3.8 The provision of the new upper floor in the Rotunda allows the current ground floor to be used as an ancillary space that could hold exhibitions organised in conjunction with conferences, and it is designed to be accessible directly from the entrance or the conference auditorium. However, this development does not prohibit use of the space for some sports activities if required.
- 3.9 To achieve a 'stand alone' conference facility, a reordered entrance via the existing West Bastion gates has been proposed. This new conference entrance would be made more prominent by the removal of the existing, southern main entrance, single storey extension. Visitors for sport would now enter via the original Fort corridor to a remodelled welcoming reception located in the Piazza, remote from conference delegates.
- 3.10 The conference and events facility as a whole will be modern in style and contain the latest audio-visual equipment.

Car park and access

- 3.11 The existing car parking at Pier Road, which accommodates approximately 1000 cars, will be retained and upgraded with new lifts and escalators. It provides quick and easy access to the West Bastion entrance. Vehicular access to the West Bastion entrance will be retained, allowing for deliveries of exhibition and conference materials.
- 3.12 The remodelled entrance into Fort Regent will include a new, dedicated conference entrance through the West Bastion, with the existing entrance tunnel remaining solely for sports visitors.
- 3.13 Within the new entrance there will be a large reception desk, capable of handling conference registration and enquiries at the delegates' first point of entry to the facility.
- 3.14 There will be two large cloakrooms, with attendants, located in a secure area behind the reception desk.

SECTION 3 – DEVELOPMENT OPTIONS AND COSTINGS

3.15 From the entrance area, there will be direct access into the main concourse of Fort Regent. From here, four passenger lifts and a staircase will carry delegates directly to the conference hall.

3.16 New toilets also lead directly off the concourse area and are located close to the lifts.

Rampart level

3.17 At rampart level there are banqueting facilities for up to 150 delegates, arranged around the Queen's Hall balcony.

3.18 There are a number of breakout rooms for small groups of up to ten delegates, located around the opposite half of the rampart level. These would be accessible directly from the conference level.

3.19 There is also the potential for a catering outlet to be created on the West Bastion, which would ideally serve the conference visitors, as well as providing a permanent restaurant for Fort Regent visitors.

Foyer level four

3.20 The fourth level will accommodate the main conference hall foyer, giving access to the stage/platform and lower seating. Delegates will arrive at this level by one of the lifts or staircase.

3.21 At this level there will be front of house facilities, all accessed from the foyer. This will include a reception, bar within a large seating and gathering area plus toilets, with fully equipped disabled facilities.

3.22 Accommodated within the conference hall foyer area, there will be a resource room providing office facilities including computer terminals with internet access for delegates to use.

3.23 Four small breakout rooms have been provided around the outside of the conference hall, providing seminar space for small groups close to the hall.

Auditorium

3.24 The conference hall will be able to seat approximately 1400 people in comfortable, tip-up seats, arranged in a semi-circular layout, all with excellent sight lines of the platform. Access to the lower seats will be at this level, from both sides. There are also staircases leading out of the bar to the upper conference rooms. The acoustics within the auditorium will need to be carefully designed to provide a space that is suitable for speech and music. There will also be full sound reinforcement systems, together with an induction loop for the hard of hearing.

3.25 The platform stage is capable of being opened up to a large 'backstage' area. Audio and visual equipment would to be integrated within the overall design of the auditorium.

3.26 Backstage accommodation includes two dressing rooms, storage provision, sanitary accommodation and a goods lift.

SECTION 3 – DEVELOPMENT OPTIONS AND COSTINGS

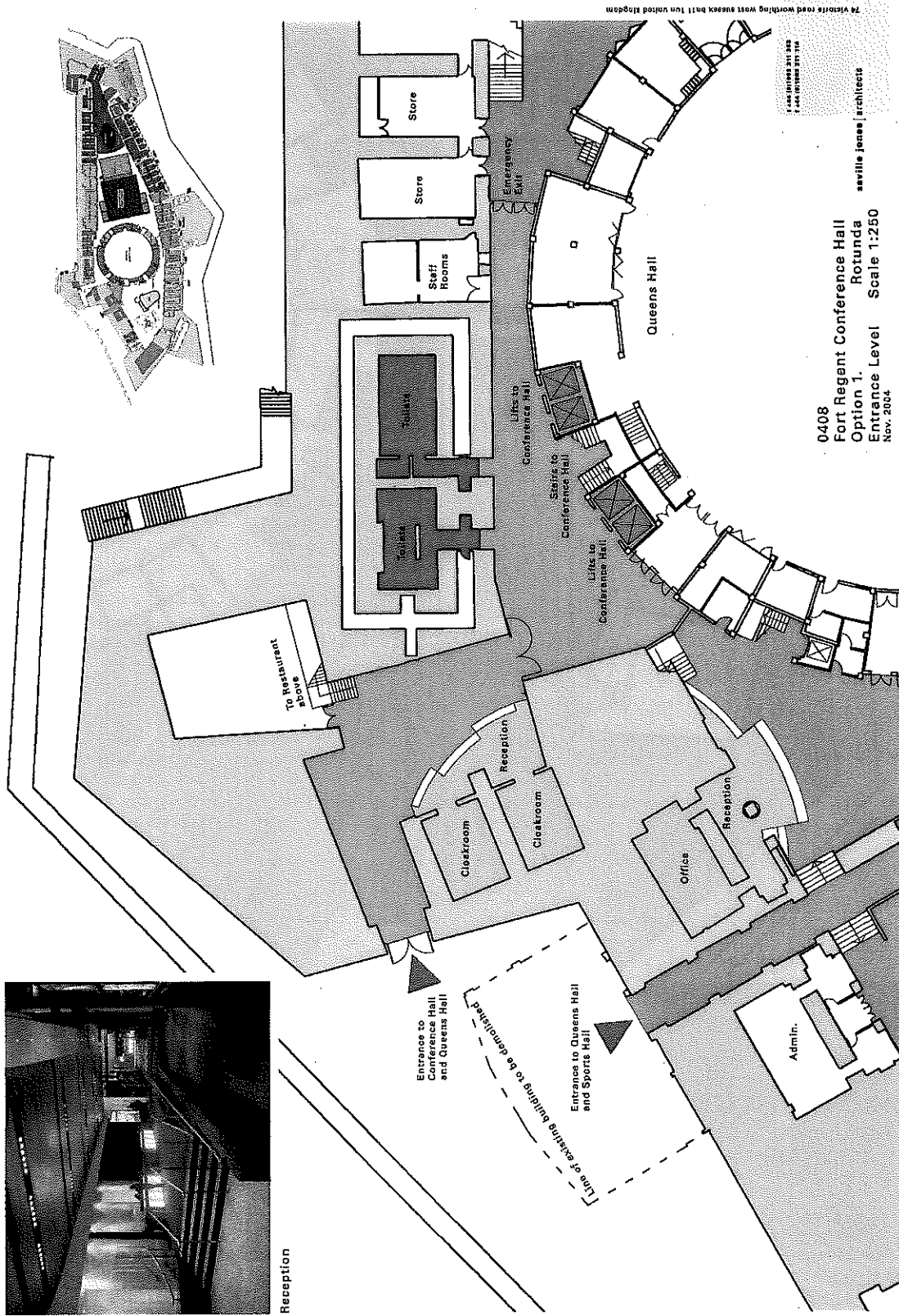
- 3.27 At the upper level, delegates will have access to two conference rooms arranged inside self-contained pods within the main auditorium. Each of these rooms will be capable of accommodating up to 220 delegates and could also be opened-up and joined to the main hall in order to form a single auditorium for 1840 delegates for main conferences and events. The back wall would mechanically retract to allow both or one of the conference rooms views of the main stage. This creates a very flexible facility.

Service zone level five

- 3.28 This upper level will provide a control room from which lighting and sound will be controlled in all three halls. This room will be soundproofed with direct visual contact with the main stage and will monitor/ provide surveillance of the conference rooms.
- 3.29 There are three simultaneous translation booths allowing the facility to be used for international events. Alternatively, broadcasting commentators could use these booths.
- 3.30 Plant rooms serving the conference facilities would be located within the outer structural bay of the Rotunda.

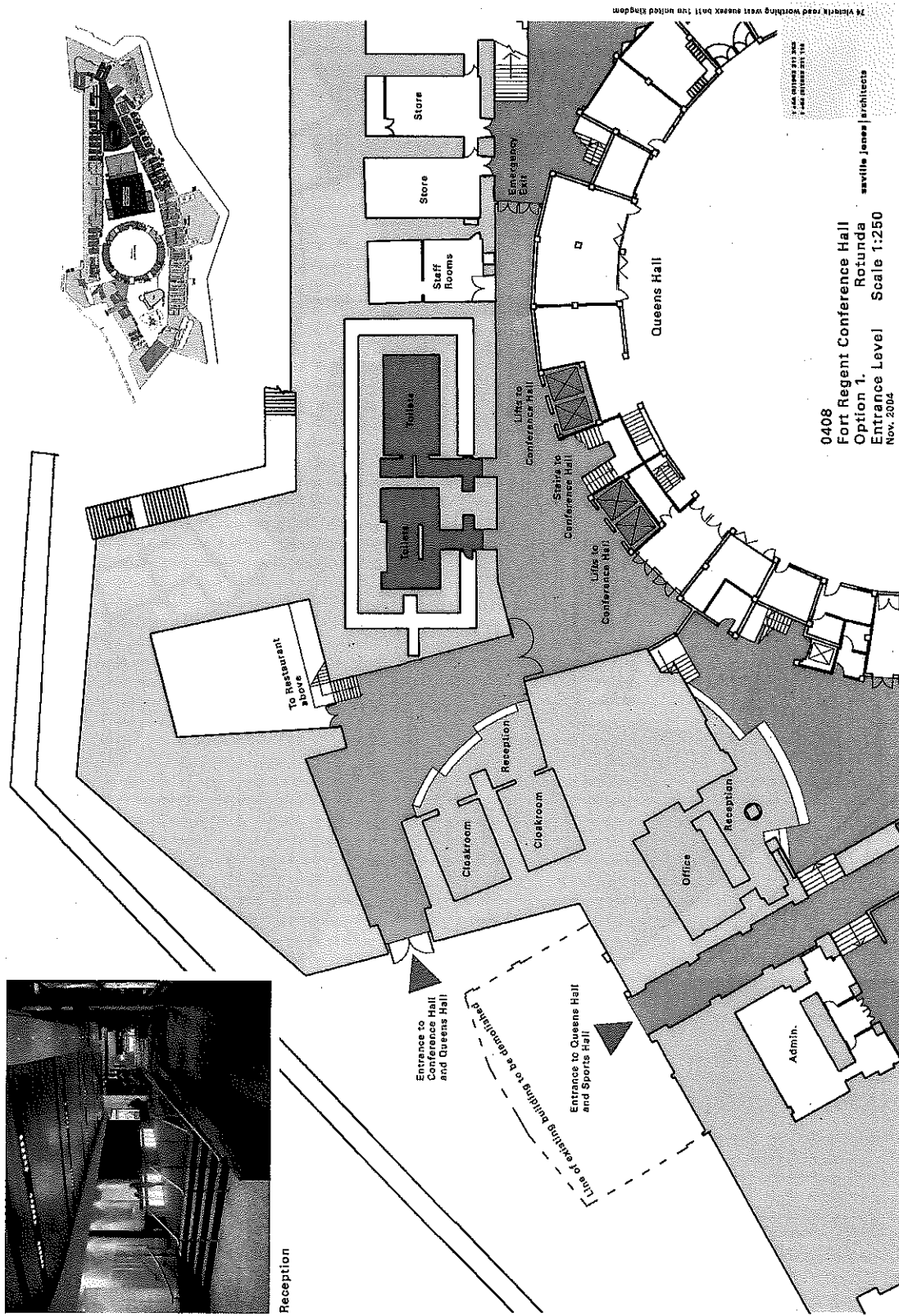
SECTION 3 – DEVELOPMENT OPTIONS AND COSTINGS

Figure 3.1



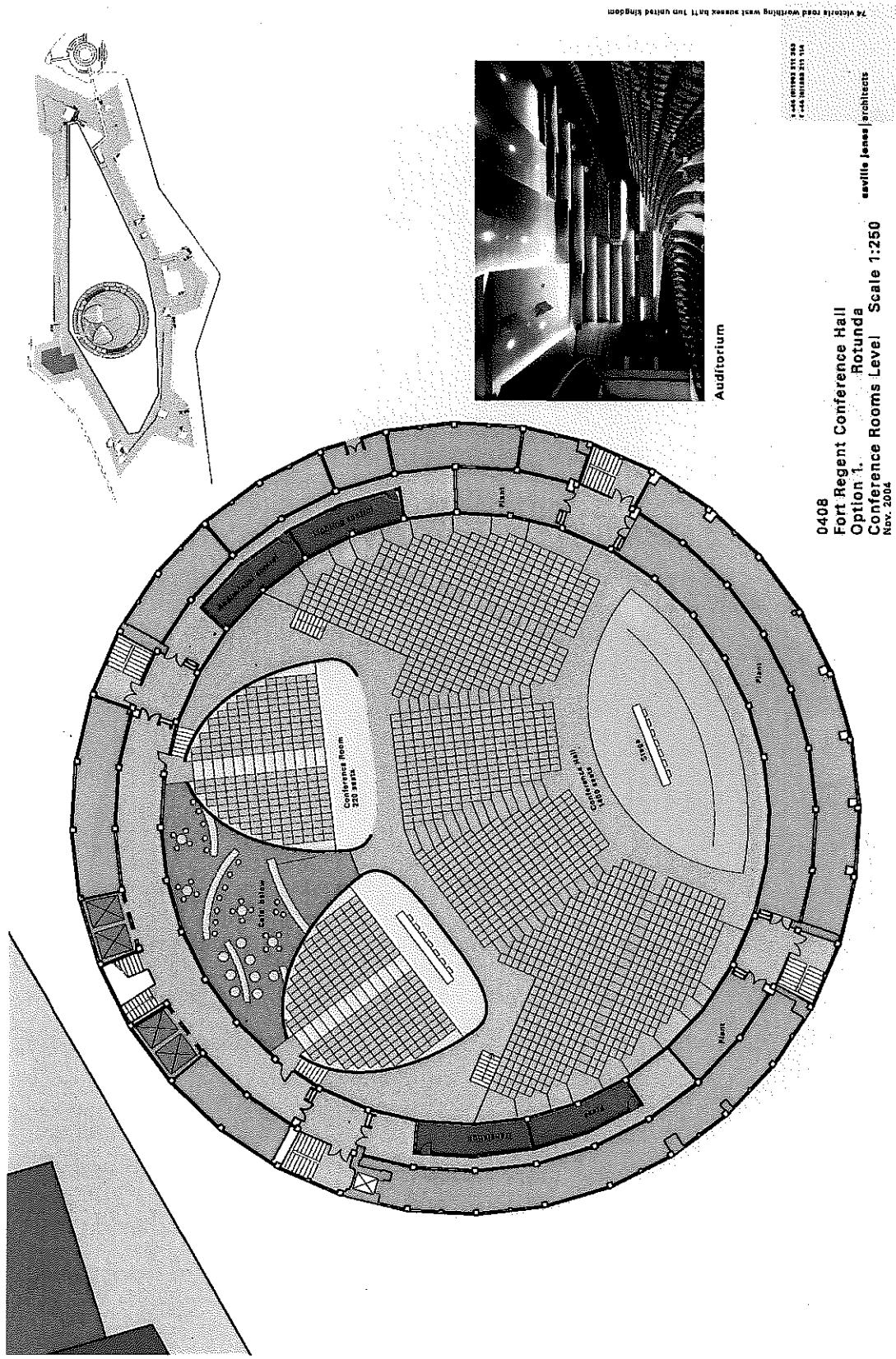
SECTION 3 – DEVELOPMENT OPTIONS AND COSTINGS

Figure 3.1



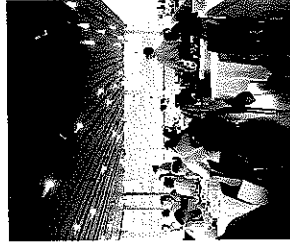
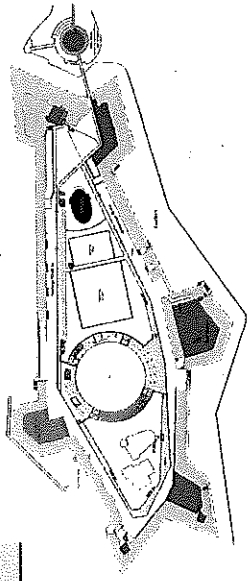
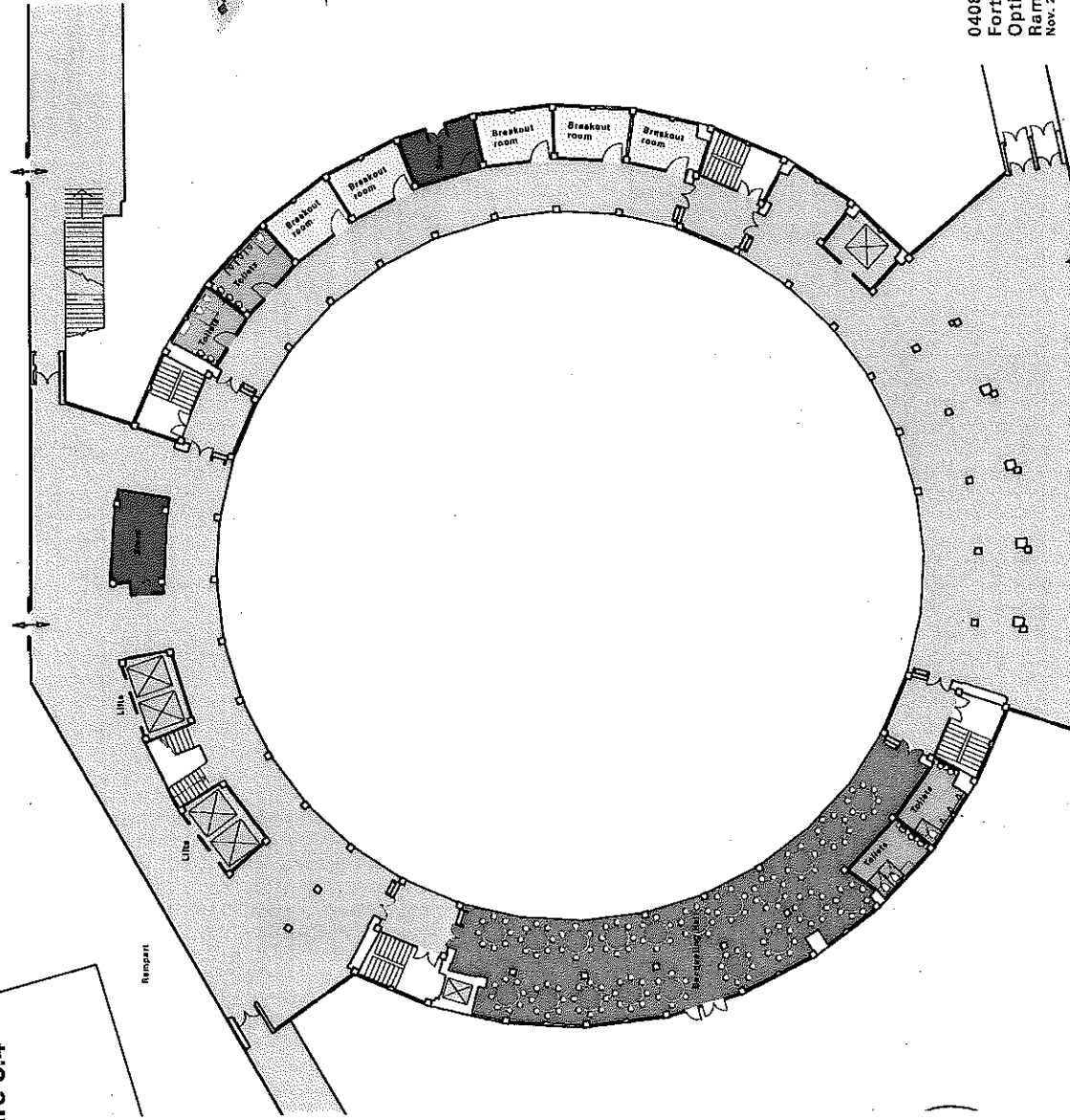
SECTION 3 – DEVELOPMENT OPTIONS AND COSTINGS

Figure 3.3



SECTION 3 – DEVELOPMENT OPTIONS AND COSTINGS

Figure 3.4



Banqueting

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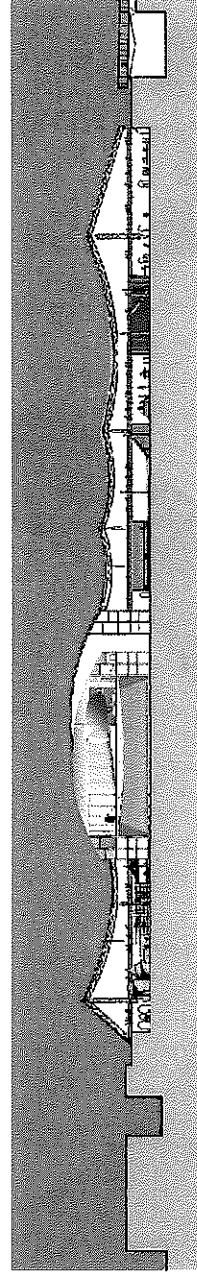
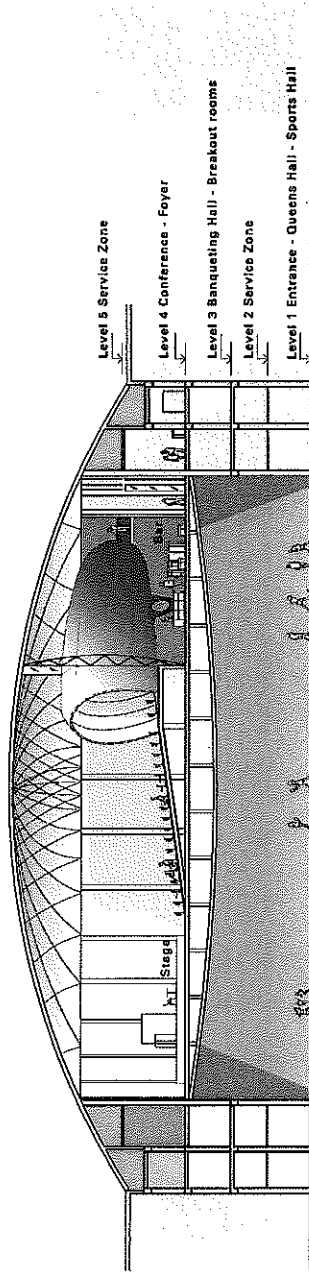
0408
Fort Regent Conference Hall
Rotunda
Rampart Level
Scale 1:250
Nov. 2004

saville jones architects

24 Victoria Road Worthing West Sussex BN11 1UN United Kingdom

SECTION 3 – DEVELOPMENT OPTIONS AND COSTINGS

Figure 3.5



0408
Fort Regent Conference Hall
Option 1.
Rotunda
Section
Scale 1:250
Nov. 2004

sawille jones architects

1-442 (019) 251 250
1-442 (019) 251 154

24 victorie road working west sussex bn11 7un united kingdom

Capital costs

- 3.31 The order of costs for this option has been calculated as £9,400,000. This is the lowest development cost of all of the option considered and reflects the short-term capital cost benefits of redevelopment and refurbishment over new build, as well as the limited external envelope of this development option. Further information on the breakdown of these costs is provided later in this section.

Operational issues

- 3.32 Operational issues which will need to be considered if this option is progressed include:
- access limitations from hotels and the town centre would necessitate use of regular coach service and options for permanent access from Snow Hill should be considered
 - noise transfer between the Queens Hall and the surrounding Fort Regent facilities will need to be addressed both during the refurbishment process and during operation, through use of appropriate insulation etc
 - whilst conference users may have a separate entrance and foyer, they will need to share the existing car parking and access routes, although improvements to these are proposed
 - its location within Fort Regent may impact negatively on the image and perception of the facilities and the ability of the management team to develop an individual identity and brand, due to negative perceptions of the Fort. This may in turn limit operator interest in this facility
 - the design proposals include limited external envelope. Maintenance of these areas could be shared with the leisure centre, reducing ongoing maintenance costs.

Displacement/ opportunity cost

- 3.33 The following displacement and opportunity costs will need to be addressed if this option is pursued:
- the Queens Hall Rotunda is currently used as a sports hall. Whilst installation of a high level floor would still provide a ground floor with sufficient height to accommodate some sports hall activities, it is proposed that it be developed as a permanent exhibition/ event space that is only used for other activities when there are no bookings. This is to avoid a situation whereby the quality of the space is compromised by its dual role and this impacts on the overall attractiveness of the development.

Consultee feedback has indicated that there is sufficient capacity within the Gloucester Hall or alternative sports hall facilities within Jersey to accommodate the needs of current user groups. However, it is recognised that some user groups have strong attachments to Fort Regent and that any displacement will need to be treated sensitively

SECTION 3 – DEVELOPMENT OPTIONS AND COSTINGS

- the primary opportunity cost of this option relates to the long term development of Fort Regent. Development of the Rotunda will restrict the future development options for the wider Fort Regent site, as it takes up a central position within the Fort boundaries. Potential impacts could include:
 - restrictions of the types of developments which will be suitable for the site
 - available development space restricted
 - compromised design options due to need to build around Rotunda
 - limited market/ developer interest in the site.

Long term sustainability/ viability

- 3.34 As already stated, this option may represent a short to medium term solution for conference provision in Jersey due to uncertainty about the future of the surrounding site and limitations on future expansion.

2. Stand-alone conference facility on swimming pool site

Design

A. Swimming pool site

- 3.35 The decision to progress with the development of the Waterfront Swimming Pool has resulted in the definite closure of the Fort Regent Pool in 2004 and its eventual demolition. The prominence of the 'Glacis Fields' on the skyline makes the demolition of the Swimming Pool a welcome proposition to many people.
- 3.36 This option is for the construction of conference facilities on the site currently occupied by the swimming pool, as illustrated in Figures 3.6 to 3.8. A full schedule of accommodation, which includes all of the Tourism Company's recommendations, is provided in Appendix A.
- 3.37 It is proposed that a large multi-storey car park accessible from Pier Road, and a car parking area accessible from Fort Regent Road located at close distance to the proposed building, will provide most of the parking requirements. In addition, 40 new car parking spaces will be provided in the south ditch. This area will be linked to the new building via a lift and external staircase.
- 3.38 The external area will be provided with a large loading point, with four car-parking bays designated for disabled users plus a drop-off point located at the entrance of the building.
- 3.39 The building will be accessed via a draught lobby with automatic doors that lead into the entrance area.
- 3.40 Within this area there will be a reception point for information and conference registration. A cloakroom will be located behind the reception desk. This area will also be provided with an administration office.

SECTION 3 – DEVELOPMENT OPTIONS AND COSTINGS

- 3.41 The lobby will give access to a large open area that can be used to accommodate exhibitions but which will also serve as a circulation area. A retail outlet will also be provided to sell products related to the exhibitions. From this area it will be possible to access the main conference hall, three breakout rooms for small groups up to ten people, the VIP lounge and the toilet area.
- 3.42 The main conference hall will seat up to 800 people in comfortable tip-up seats arranged in a radial layout with the floor gently sloping in order to provide good visibility for all delegates. The acoustics within the hall will provide a space best suited for speech but also suitable for occasional music or theatre performances. A sound reinforcement system will also be provided, along with an induction loop for the hard of hearing. The stage will provide a large area for the lecturers plus an extensive wall for images or film projections.
- 3.43 The first floor will provide a large circulation area for the delegates and will be accessed via the main staircase or the passenger lift. From this area there will be direct access to the upper gallery of the conference hall and to the restaurant/ café area. A number of additional rooms will also be provided at this floor. They will include two administration suites and five breakout rooms for small groups of delegates.
- 3.44 The upper gallery will be able to seat up to 400 delegates in comfortable tip up seats. The gallery will also provide access to the projection room, translation room, pressroom and control room, which has a direct view of the stage.
- 3.45 The café and restaurant area will be located on the south and east sides of the first floor of the building and will benefit from exceptional views east and west of the Fort. The restaurant will accommodate up to 150 covers with kitchen and store linked via a goods lift to the loading point at ground level.
- 3.46 The second floor will be accessed via a lift or via the main staircase and will be provided with a large circulation area with direct views over the bay. This area will give access to two further breakout rooms, two conference rooms and toilets.
- 3.47 The conference rooms will be capable of accommodating up to 250 delegates with full audiovisual equipment.
- 3.48 In summary, this option would necessitate a building of high architectural merit to enhance the adjacent Glacis field site and skyline. However, to accommodate the full schedule of accommodation, it would have a height and size equivalent to the current pool and this could be of concern to planners, conversationalists and the public.

B. Sea Cadets site

- 3.49 A variation on this option is location of the conference facilities on the Sea Cadets building site on the South Ditch area of Fort Regent, as illustrated in Figure 3.9.
- 3.50 This option has been developed in light of the proximity of this site to the swimming pool site and its availability once the Sea Cadets have been relocated. However, due to space limitations it would not be possible to accommodate all elements of the Tourism Company's recommended schedule of accommodation on this site.
- 3.51 In this option the proposed building would replace the existing Sea Cadets quarter, which is currently underused and in a bad state of repair. The new building, in terms of floor area, will follow the layout of the old building, though it will be four storeys high instead of the two storeys of the existing building.

SECTION 3 – DEVELOPMENT OPTIONS AND COSTINGS

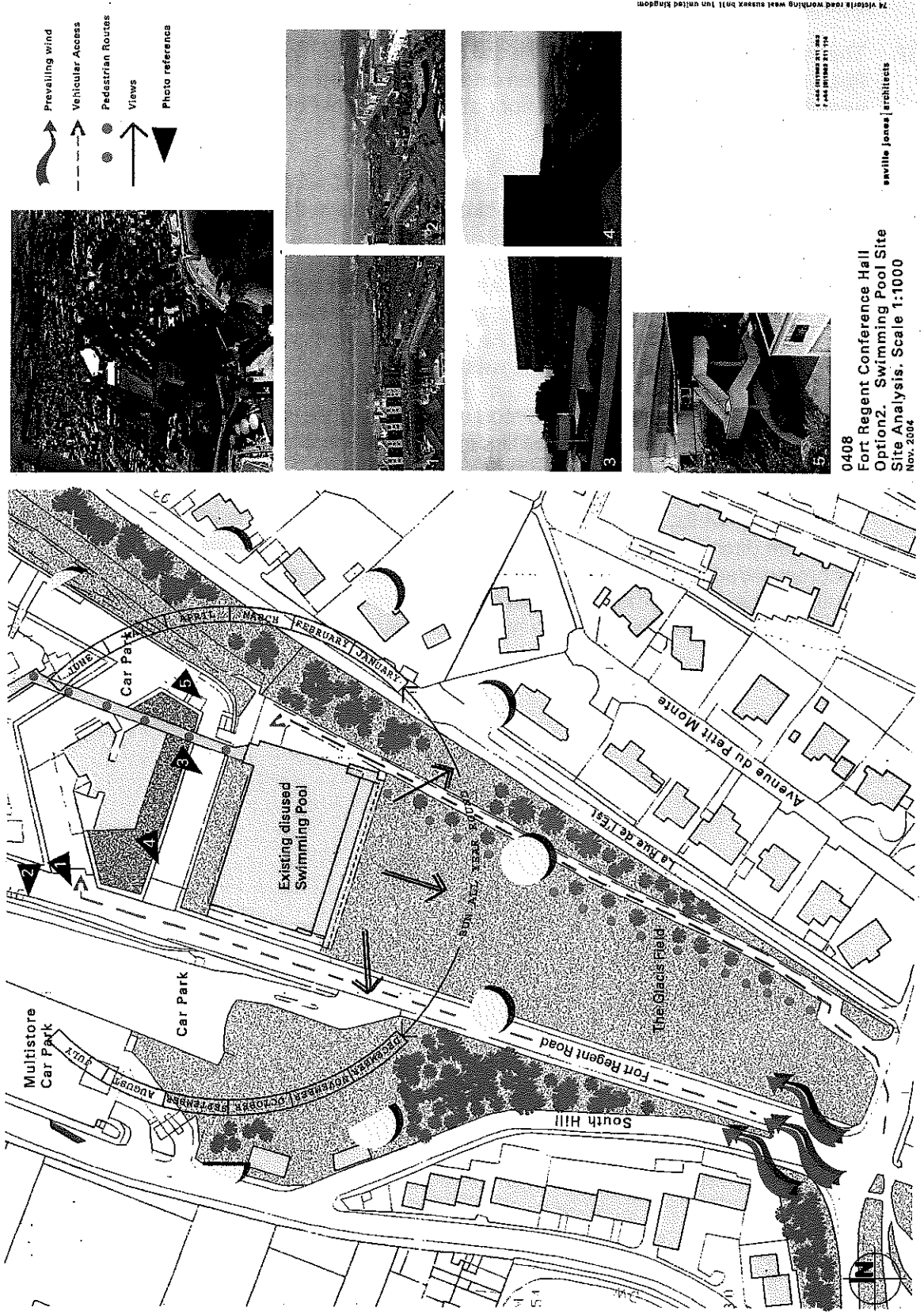
- 3.52 An existing footbridge, linking the Fort Regent Leisure Complex with the Swimming Pool, will become redundant with the demolition of the latter and should therefore be removed.
- 3.53 A large multi-storey car park accessible from Pier Road and a car parking area accessible from Fort Regent Road, are located in close proximity to the south ditch site and would provide most of the parking needs. In addition, 45 new car parking spaces would be provided in the existing ditch. This area would also provide direct access to the main entrance of the new conference facilities building.
- 3.54 The building will be accessed via a draught lobby with automatic doors that will lead into the entrance area.
- 3.55 Within this area there will be a reception point for information and conference registration. A cloakroom will be located behind the reception desk. This area will also be provided with an administration office.
- 3.56 From the lobby there will be direct access to two conference rooms and seven breakout rooms on the same floor plus access to the main staircase and passenger lift to the upper floors.
- 3.57 Each of the conference rooms will be capable of accommodating up to 180 people and will be suitably equipped with a full audiovisual system. Each of the seven breakout rooms can accommodate small groups up to ten people.
- 3.58 A toilet area will be directly accessible from the lobby and will comprise separate male and female toilets plus a dedicated toilet for people with disabilities.
- 3.59 The ground floor will also comprise a loading point, capable of accommodating a goods vehicle plus a goods elevator to serve all of the upper floors along with a service staircase for staff use.
- 3.60 The first floor will provide a large circulation foyer for the delegates and will be accessed via the main staircase or the passenger lift. Direct access to the main conference hall and to toilets can be gained from the circulation foyer.
- 3.61 The main conference hall will seat up to 640 people in comfortable tip-up seats arranged in a radial layout with the floor gently sloping in order to provide good visibility to all delegates. The acoustics within the hall will provide a space best suited for speech but also suitable for occasional music or theatre performances. A sound reinforcement system will also be provided, along with an induction loop for the hard of hearing.
- 3.62 The stage area will provide a large area for the lecturers with an extensive wall for images or film projections. A backstage area will also be provided. This area will comprise a dressing room, toilets, storage provision, goods lift and a service staircase.
- 3.63 The second floor will be arranged in a similar way to the first floor, with direct access to the upper gallery of the main hall and to sanitary accommodation.
- 3.64 The gallery will be able to seat up to 440 delegates in comfortable tip up seats.
- 3.65 The gallery will also provide access to the translation room, pressroom and to the control room, from which sound and lighting will be controlled.

SECTION 3 – DEVELOPMENT OPTIONS AND COSTINGS

- 3.66 On the same floor a large storage area will also be provided. However, this area will not be accessible from the conference hall and will mainly serve the restaurant and café at the upper level.
- 3.67 The third floor will be accessed via the main staircase and the lift from the lower floors and will provide an exhibition area, a restaurant and a café. All these areas would be located on the highest floor and would benefit from the views towards St Brelades Bay and over St Helier.
- 3.68 The exhibition area will be about 260 sq metres and will be able to accommodate exhibitions. It will also be used as a circulation area to access both the café and the restaurant.
- 3.69 The restaurant and the café will be arranged around a central kitchen and bar block located in the middle of the building, providing good service access to both the bar and restaurant. The restaurant will be able to accommodate up to 150 covers and will benefit from excellent views to the west.
- 3.70 A kitchen and ancillary support accommodation will be provided with sanitary provision, changing and rest facilities for the staff, plus a storage area directly linked via a goods lift to the loading point at the ground floor.
- 3.71 In summary, whilst a building of high architectural design on this site could enhance the south ditch, it is not able to accommodate the Tourism Company's entire recommended schedule of accommodation without severely effecting the historic fortifications. Furthermore, the height of the structure would be greater than the Sea Cadets site and it may therefore have a detrimental impact on the skyline.

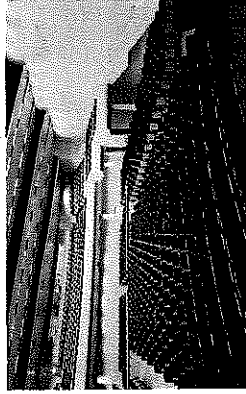
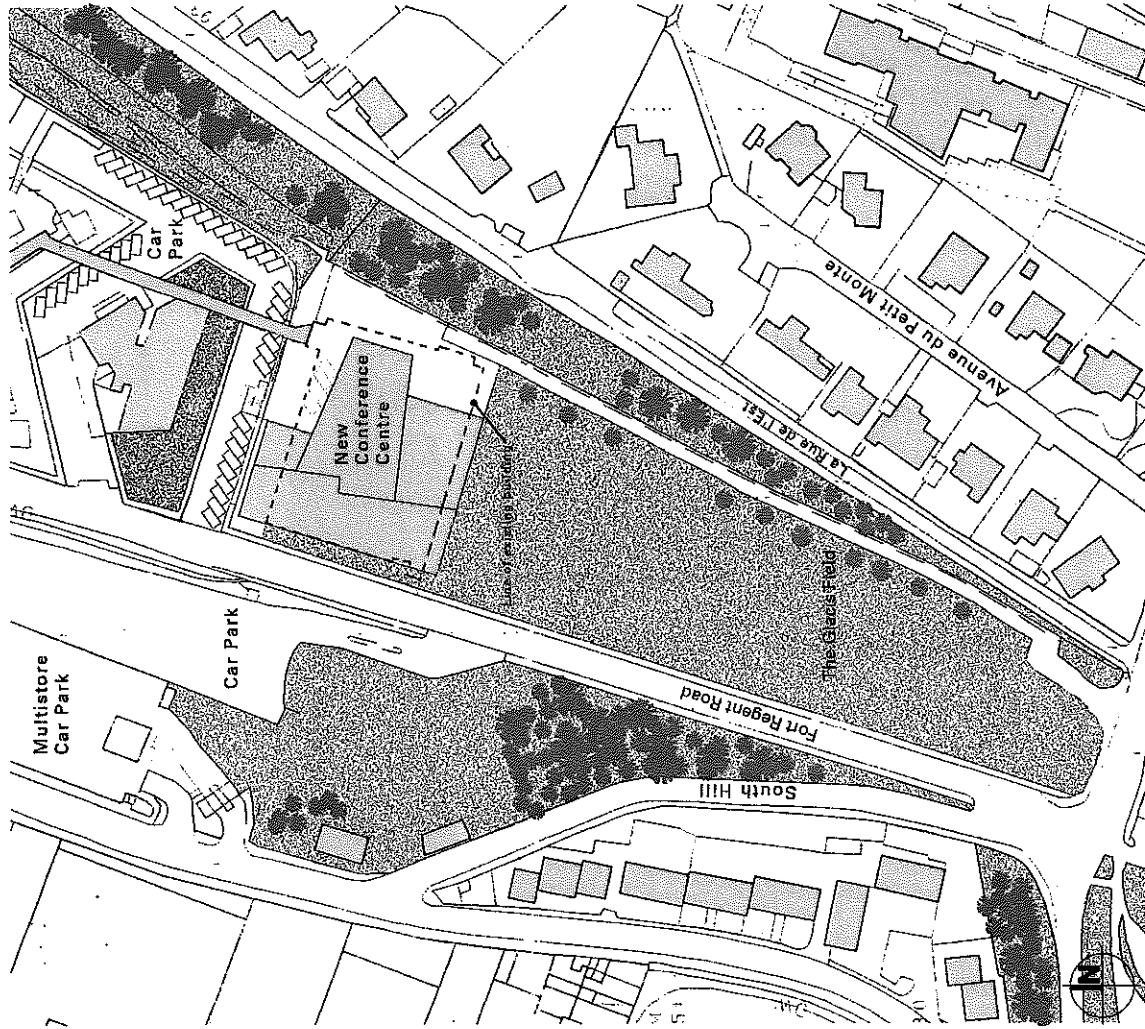
SECTION 3 – DEVELOPMENT OPTIONS AND COSTINGS

Figure 3.6

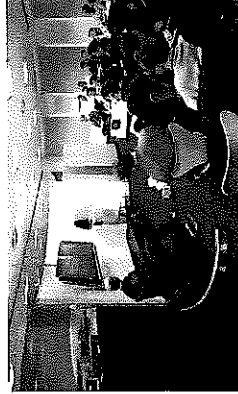


SECTION 3 – DEVELOPMENT OPTIONS AND COSTINGS

Figure 3.7



Conference Hall



Breakout room



Restaurant

0408
 Fort Regent Conference Hall
 Option 2. Swimming Pool Site
 Scale 1:1000
 Nov. 2004

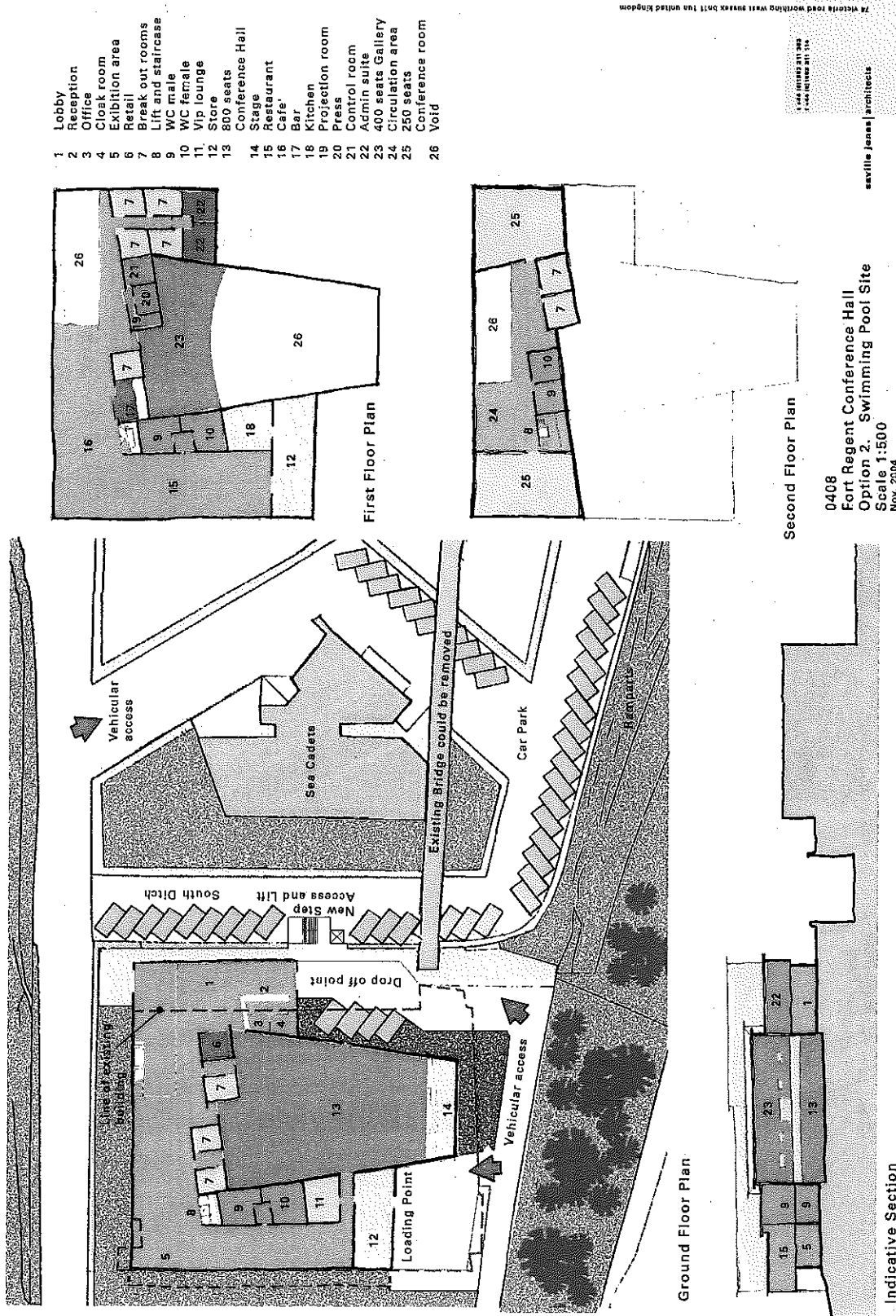
24 Victoria Road, Worthing, West Sussex BN11 1UN, United Kingdom

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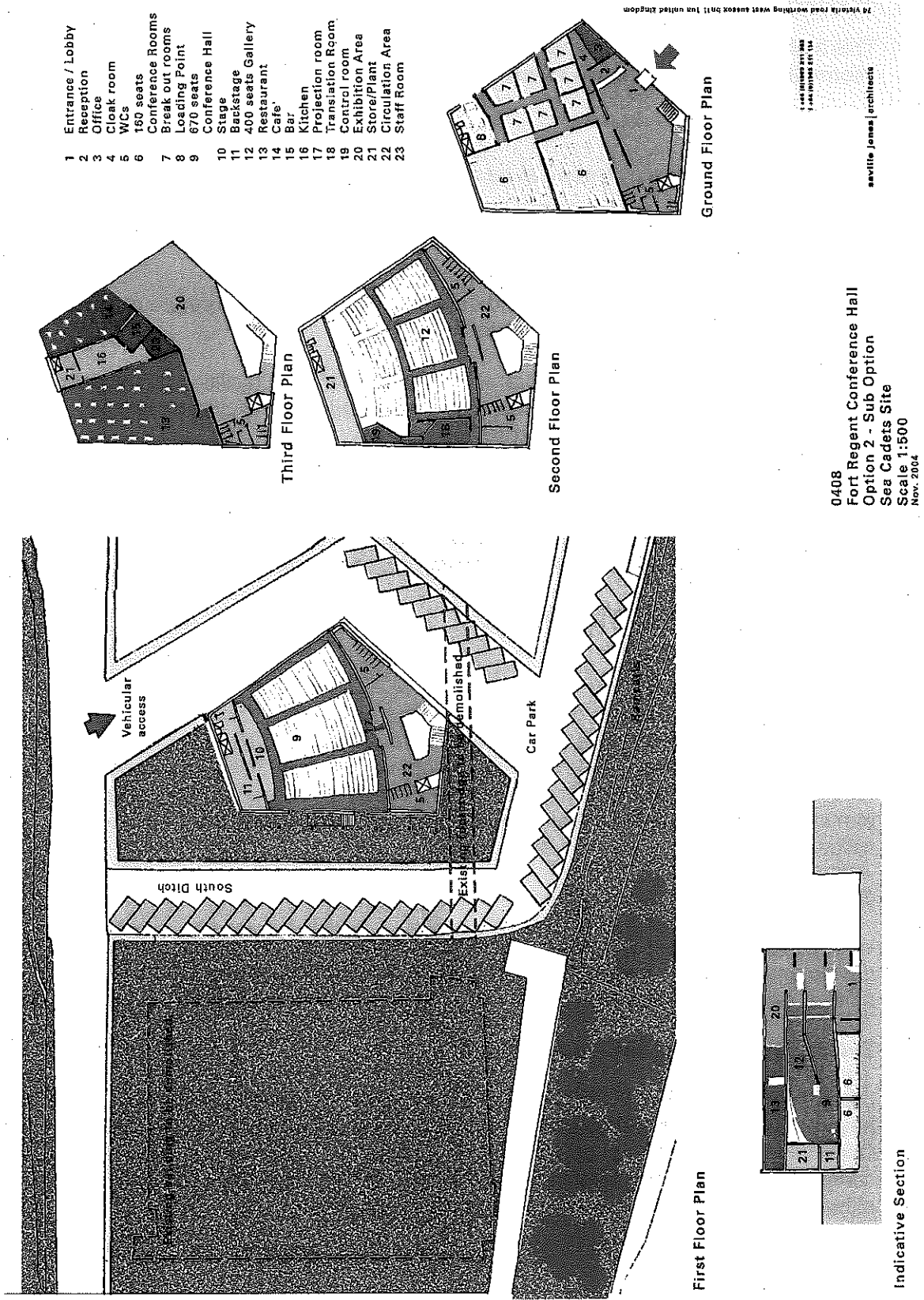
SECTION 3 – DEVELOPMENT OPTIONS AND COSTINGS

Figure 3.8



SECTION 3 – DEVELOPMENT OPTIONS AND COSTINGS

Figure 3.9



SECTION 3 – DEVELOPMENT OPTIONS AND COSTINGS

Capital costs

- 3.72 The order of costs for the swimming pool site development option has been calculated as £22,100,000. Per sqm costs would be similar for the Sea Cadets site, but the overall cost of the development would be lower, circa £14,500,000, to reflect its smaller scale.
- 3.73 This high cost reflects demolition costs and the exposed nature of the site. Further information on the breakdown of these costs is provided later in this section.

Operational issues

- 3.74 Operational issues that will need to be considered if this option is progressed include:
- access limitations from hotels and town centre would necessitate use of regular coach service
 - standalone development could be more attractive to conference organisers and would be easier to promote/ market
 - location would allow restaurants, café and exhibition facilities to enjoy the excellent views over St Helier, which would add to their attractiveness as a destination in their own right
 - high maintenance costs due to exposed nature of the site
 - reduced facility mix of the Sea Cadets options would limit range of conferences and events which could be accommodated in the centre.

Displacement/ opportunity cost

Swimming pool

- 3.75 The swimming pool site has been identified as a commercial development site and planners would consider a range of potential developments. The opportunity cost of using the site for a conference centre development, both in terms of potential capital receipts from the sale of the land, and other benefits accruing from the development of new facilities on the site, therefore needs to be considered. This is reviewed further in Section 6.

Sea Cadets

- 3.76 Whilst its development will also have an opportunity cost, the Sea Cadets site development value is unlikely to be as high as the swimming pool site due to its smaller size and restricted position.

Swimming pool and Sea Cadets site

- 3.77 It is difficult to establish the impact that development of either of these sites would have on the development potential and value of the adjacent Fort Regent site. Depending upon the visual appeal and success of the development, as well as its compatibility with future development proposals for the Fort Regent site, it could either reduce or increase developer interest in Fort Regent.

Long term sustainability/ viability

- 3.78 As a stand-alone development, the swimming pool and Sea Cadet sites potentially have a longer lifespan than the Queens Hall Rotunda site, although there remains uncertainty about the future of the adjacent Fort Regent site and this could potentially impact on the future viability of the site.

3. Standalone development on alternative site

Design

- 3.79 In the absence of a specific site no block plans have been developed for this option. The floor area used for cost calculation purposes is the same as that used in the Option 2 swimming pool site proposals.

Capital costs

- 3.80 The order of capital costs for this option have been calculated as £24,000,000. This reflects the Option 2 development costs but also includes additional external works including car parking, services and utilities, on the assumption that an undeveloped site is selected. Further information on the breakdown of these costs is provided later in this section.

Operational issues

- 3.81 It is not possible to assess operational issues in the absence of a development site.

Displacement/ opportunity cost

- 3.82 It is not possible to assess specific displacement issues in the absence of a development site, although the alternative uses of any potential development site will need to be taken into consideration.

Long term sustainability/ viability

- 3.83 It is not possible to assess long-term sustainability/ viability in the absence of a development site. However, it should be noted that a landmark site adjacent to a hotel would be the preference of potential operators.

Options cost comparison

- 3.84 Davis Langdon, an international cost consultancy with extensive conference and event centre development experience, has provided initial estimates of cost for the three main development options.
- 3.85 The total order of cost for the options are as follows
- | | |
|--|--|
| • Option 1 - Queens Hall Rotunda | £9,400,000 |
| • Option 2 - Swimming pool site | £22,100,000 |
| • Option 3 - New build on undeveloped site | £22 to 24,000,000 - depends upon car parking/ additional service costs if new build site |
- 3.86 These costs are considered to be realistic and take into account higher construction costs in Jersey. A breakdown of this order of costs is provided in Table 3.1.

SECTION 3 – DEVELOPMENT OPTIONS AND COSTINGS

Table 3.1

**FORT REGENT CONFERENCE AND EVENTS CENTRE
OPTIONS**



DAVIS LANGDON

COST SUMMARY	Option 1		Option 2		Option 3	
	£	£/m ²	£	£/m ²	£	£/m ²
Demolitions						
Refurbishment Works	7,000,000	1,852	500,000			
Conference Building Works			16,300,000	3,881	16,300,000	3,881
External Works, Services and Utilities			500,000		2,500,000	
Sub-total	7,000,000	1,852	17,300,000	4,119	18,800,000	4,476
Contingency (new build 10%, refurbishment 15%)	1,100,000		1,700,000		1,900,000	
Sub-total	8,100,000	2,143	19,000,000	4,524	20,700,000	4,929
Building Reg Fees / Surveys (Allowance 1%)	100,000		200,000		200,000	
Fees (Allowance 15%)	1,200,000		2,900,000		3,100,000	
Total Project Cost	9,400,000	2,487	22,100,000	5,262	24,000,000	5,714
GROSS FLOOR AREA	3779 m ² new / refurb area		4,200 m ² new build only		4,200 m ² new build only	

Assumptions

- 3.87 The assumptions used in developing these estimates of cost can be summarised as follows:
- 3.88 The cost for the new build conference centre in Options 2 and 3 has been calculated using a £/m² applied to the building area. The £/m² of £3,881 has been arrived at through benchmarking the costs of similar buildings such as; Manchester international Conference Centre; The Lowry, Salford; Brighton Convention Centre, etc. This has allowed us to produce a 'model' based on an elemental analysis, which is based on current day prices and a Jersey location factor, against which the Conference Centre area in Options 2 and 3 can be applied. The outcome of this exercise identified the £/m² of £3,881. Summary information on the benchmarking exercise is provided in Table 3.2.
- 3.89 As the scope of Option 1 is refurbishment work and individual to the building it cannot realistically be benchmarked against other schemes. To arrive at a cost a scope of work was drawn up identifying existing areas requiring refurbishment and areas of new build such as the conference levels. The refurbishment works were then priced based on the work required and new elements (such as finishes, seating, etc) were benchmarked using our model as noted above.
- 3.90 The estimates were developed based on the following information
- Saville Jones Proposed Conference Facility Document, April 2002
 - Saville Jones Sports Centre and Conference facility area schedules, issued 20 and 21 September 2004
 - Saville Jones drawings issued by hand 21 September 2004
 - meeting with Saville Jones 20 September 2004
 - meeting with PMP / Saville Jones on 31 August 2004.
- 3.91 Further assumptions in development of the capital costings include:
- the rates are based on September 2004 prices and have been adjusted to reflect construction costs in Jersey
 - the rates are based on the assumption that competitive tenders will be sought with traditional procurement undertaken
 - the areas used for development of these estimates are indicative only for pricing purposes
 - Option 2 assumes 45 on-grade parking spaces
 - Option 1 assumes no additional parking or external works required
 - Option 3 includes an allowance for parking for 250 cars within a multi-storey development, on the assumption that an undeveloped site is selected
 - area for new build conference centre taken as 4,200m².
- 3.92 The estimates include allowances for:
- demolitions

SECTION 3 – DEVELOPMENT OPTIONS AND COSTINGS

- refurbishment and alterations to rotunda or new build works (including fixed furniture, fittings and equipment at 4-5%)
- external works
- preliminaries
- contingency of 10% for new build and 15% for refurbishment
- professional fees of 15%.

3.93 The estimates are exclusive of:

- inflation beyond September 2004. Inflation per annum on construction work could be in the region of 5%
- abnormal ground conditions
- infrastructure, roads services diversions and other works outside boundary of site
- disposal of contaminated materials
- archaeology and the effects thereof
- finance charges, legal fees and client administration costs
- taxes
- land costs
- loose furniture, fittings and equipment (an additional 2-3%).

Option comparison summary

3.94 The following table provides a summary comparison of the different development options against the criteria assessed in this section.

Table 3.3 Development options comparison

Comparators	Option 1	Option 2.a.	Option 2.b.	Option 4
	Queens Hall Rotunda	Stand-alone conference facility on swimming pool site	Stand-alone conference facility on Sea Cadets site	Standalone development on alternative site
Design	Includes recommended facility mix. Efficient use of redundant space. Rotunda dome provides good structure for auditorium.	Includes recommended facility mix. Sensitive/ high quality design needed due to high profile.	Does not provide facility mix recommended. Sensitive/ high quality design needed due to high profile..	Includes recommended facility mix.
Capital costs	£9,400,000 Lower cost than new build. Minimal external envelop costs to address.	£22,100,000	Lower than £22,100,000 but full mix not provided.	£22,000,000 plus (depends on car park/ service requirements of site)
Operational/ profile/ perception issues	Poor access/ shared parking, negative image/ perception, lack of individual identity, noise transfer.	Poor access, increased attractiveness to organisers, views increase attractiveness, higher maintenance costs.	Poor access, increased attractiveness to organisers, views increase attractiveness, higher maintenance costs.	Unknown.
Displacement / opportunity costs	Displacement of current user groups. Opportunity cost due to limitations placed on future development of Fort Regent.	Opportunity cost of alternative site development options.	Opportunity cost of alternative site development options.	Unknown but alternative land uses should be reviewed.
Long term sustainability/ viability	Potentially limited lifespan as Fort Regent future unknown.	Long term option but future of adjacent Fort Regent site unknown.	Long term option but future of adjacent Fort Regent site unknown.	Unknown at this stage.

SECTION 3 – DEVELOPMENT OPTIONS AND COSTINGS

- 3.95 In summary, Table 3.3 illustrates that Option 1 has a lower development cost, design restrictions and operational issues. However, displacement is potentially high as are opportunity costs due to links to the overall Fort Regent site.
- 3.96 In contrast Option 2.a. allows for flexible design and improved management but has a higher development cost. The primary concerns relate to opportunity cost and the future of the adjacent Fort Regent site.
- 3.97 Option 2.b. has lower development costs and would allow the development value of the swimming pool site to be realised, but it is a restricted site and cannot accommodate the Tourism Company's full facility mix recommendations.
- 3.98 It has not been possible to provide a representative appraisal of Option 3 in the absence of a specific development site.
- 3.99 The options have also been subject to market testing with potential operators. The findings from this review process are summarised in Section 4.

Section 4

Procurement and management options

Introduction

- 4.1 In this section of the report we identify and assess a range of potential options for the delivery of the proposed new conference+events venue in or adjacent to Fort Regent. These potential options are based upon our market testing with conference venue developers/ operators and are representative of the range of delivery mechanisms currently being employed within the UK (as illustrated via the case studies).
- 4.2 Both the sports facilities and conference facilities at Fort Regent are currently managed by Education, Sport and Culture (ESC). The various options for the future management of the new conference+events venue can be grouped into three categories:
- Option 1: In-house management (via ESC)
- Option 2: Partnership with a private operator (existing conference operator)
- Option 3: Arms length management via a SPV.
- 4.3 These are similar, in broad terms, to the options reviewed in the Tourism Company report.

Management options

- 4.4 The advantages and disadvantages of each of the three options are outlined below.

Option 1: Continued in-house management

- 4.5 This option would effectively involve continuation of the current situation whereby ESC manage the conference+events venue on behalf of the States of Jersey.
- 4.6 The key advantages of this option are as follows:
- the States retain complete control over all aspects of the delivery
 - the States retain complete flexibility in the nature and scope of the facilities and services delivered
 - the States retain, within the organisation, the professional and operational expertise and experience associated with the management and staff directly delivering the service
 - the workforce currently delivering the service retain employment within the States
 - the States do not incur any costs associated with any transfer of management.

SECTION 4 - PROCUREMENT AND MANAGEMENT OPTIONS

- 4.7 The key disadvantages associated with in-house management are;
- the States may miss out on opportunities to reduce annual revenue subsidy levels through the possibility of taxation relief, depending upon the type of vehicle employed
 - the States may miss out on the opportunity to increase community and staff involvement in the management of the facility
 - the States will retain all operational risk in relation to the facility
 - the lack of challenge to the existing in-house management arrangements may mean that continued in-house management does not represent the best value option to the States in either financial terms or service delivery
 - the opportunities for obtaining increased capital investment are reduced
 - the States may not have the relevant experience or expertise of the conference sector to deliver an appropriate facility – in comparison, a major operating organisation will benefit from wider best practice examples and innovations.

Case Study: Devonshire Park Centre, Eastbourne

The Devonshire Park Centre is suitable for meetings, exhibitions, banquets, dances, product launches, press conferences and special events. Full catering facilities are available. The main auditorium, seating 1700, is the Congress Theatre with a large stage and supporting rooms for VIPs and Press.

The centre is owned by Eastbourne Borough Council. The council manage all elements of the facility in-house. The annual subsidy from the council is approximately £500,000.

Option 2: Partnership with a Private Operator

- 4.8 In this option the States would enter into a long-term management contract with a private operator, already operating similar facilities elsewhere.
- 4.9 There are various operators currently managing similar facilities within the UK, such as NEC Group, Sodexo and SMG - a selection of whom have been contacted through the market testing process. The results of our market testing are detailed later in this section.
- 4.10 The key advantages of a management contract with a private contractor are as follows:
- they are likely to be in a position to gain greater access to significant levels of capital investment
 - the States are likely to be able to transfer considerable areas of operational risk to the management contractor
 - the States will benefit from the expertise and experience the contractor has gained through the operation of their other sites

SECTION 4 - PROCUREMENT AND MANAGEMENT OPTIONS

- the contractor is likely to be more effective in maximising opportunities for income-generation and economies of scale, and therefore it is possible the States will benefit from a reduction in annual subsidy levels
- the States has the potential of entering into a long-term contract, with performance guarantees incumbent on the management contractor – meaning that much of the operational risk is transferred away from the States
- the facility is currently a funding drain on the States, therefore this option may benefit from greater certainty regarding the likely annual cost of delivering the services.

4.11 The key disadvantages associated with a management contract with a private operator are:

- the States would lose direct control of the delivery of the services at the Fort
- the contractor is likely to focus on the commercial targets of the facility rather than any community objectives. The nature of the contractual agreement between the States and the private contractor will be crucial in protecting the community objectives
- the workforce delivering the current service are likely to undergo considerable instability during the transfer to the private contractor.

Case Study: Plymouth Pavilions

Plymouth Pavilions is firmly establishing a reputation as the regional centre of excellence for corporate events - highly flexible, multi-purpose venue that can cater for all types of corporate events - from major conferences to exhibitions and from small functions to major banquets.

The facility is owned by Plymouth City Council but managed by a separate company who are contracted to deliver the operation of the facility. They receive an annual subsidy of circa £1.4m per annum from the Council.

Case Study: Riviera Centre, Torquay

The Riviera Centre in Torquay is an international convention centre with sport and leisure facilities (swimming pool, health and fitness). The centre is owned by the Local Authority and operated by a private company.

Approximately 7 years ago the facility required a subsidy of £1m per annum from the Council. A change of focus towards conferences and exhibitions has decreased this by 50% to an annual subsidy of c £500,000.

It is estimated the Centre brings an additional £9m per annum to the region.

SECTION 4 - PROCUREMENT AND MANAGEMENT OPTIONS

Option 3: Special Purpose Vehicle

- 4.12 A Special Purpose Vehicle (SPV) is an organisation set up to deliver a specific service, which in this case would operate the conference centre on behalf of the States.
- 4.13 The key advantages associated with this option are:
- the SPV is likely to enjoy greater financial and managerial autonomy than the State's in-house management team
 - the SPV may be able to source additional private capital for investment into the facilities and services
 - the States will still retain an element of control over the operation of the facility via representation on the Board and conditions set out in the agreement document
 - the SPV would benefit from having a single issue focus (ie a basic core objective of delivering the service at the facility) and as a result may be able to operate more commercially.
- 4.14 The key disadvantages associated with management by SPV are as follows:
- the States would lose direct control of the delivery of the services at the facility
 - a newly-formed SPV would not necessarily have the track record of expertise and achievement which would give potential customers and investors confidence (although this may be mitigated by the transfer of existing staff)
 - it may be difficult to recruit individuals of sufficient calibre to establish the SPV
 - the SPV may well find it difficult to attract significant levels of external capital investment at a reasonable interest rate
 - the States would retain ultimate liability for operation of the conference centre
 - the workforce delivering the service are likely to undergo some instability during the transfer.

Case Study: NEC Group

The NEC Group comprises 5 venues in Birmingham (The National Exhibition Centre, The NEC Arena, The National Indoor Arena, The International Convention Centre and Symphony Hall).

The venues are managed by The National Exhibition Centre Limited, a private limited liability company formed in 1970 to prepare for the development and opening of The NEC in 1976.

The company has two equal shareholders: Birmingham City Council and Birmingham Chamber of Commerce & Industry, each with four directors on the board. The chairman is a business representative from the Chamber. Birmingham City Council owns the land and buildings associated with each of the venues.

Market testing

- 4.15 A total of 11 UK operators have been approached and nine telephone consultations have been undertaken to date. Two operators have not responded despite repeated follow up communication.
- 4.16 A summary of the consultations undertaken, and their initial level of interest is set out in Table 4.1.

Table 4.1 A summary of market testing consultations undertaken to date

Organisation	Level of Interest
Sun Dial Group	Focus is on developing their product in the UK mainland, therefore no current interest in developing in Jersey.
Signature Group	Interested in a new conference facility in Jersey, and feel they could offer a total package to support any development. Provision of accommodation would be key for their involvement
Sodexo Prestige	Not currently interested in expanding to include the Jersey market.
Hanover International	Hanover are not currently interested in developing in Jersey
Initial Style Conferences	Not interested at present in any developments in Jersey
SMG	SMG currently operate various facilities in the UK, and are very interested in a new conference centre in Jersey. They would be interested in undertaking pre-opening consultancy, management contract and possibly catering fit out costs.
Dolce International	Their product is based around 250-300 bedroom hotel with approximately 4,000m ² of associated conference facilities. They would be interested in a management contract.
Hayley Conference Centres	Unavailable for contact.
Aramark	Jersey is not a market that they are looking to develop
NEC Group	The Group are unable to operate facilities outside of Birmingham at the moment, as they are owned by the Local Authority, however expecting major changes and would be interested in the future
MWB Business Exchange	No response to date

Key themes

- 4.17 The key themes arising from the market testing are:
- none of the conference venue operators contacted are currently conducting business in Jersey, or the other Channel Islands
 - Jersey was not identified as a target market by several of the consultees
 - the key barriers to developing/operating in Jersey were identified as:

SECTION 4 - PROCUREMENT AND MANAGEMENT OPTIONS

- access to the Island, and the subsequent costs
 - lack of accommodation during peak periods
 - developing/operating a 'remote' site in Jersey is viewed as high risk
 - developing a profitable conference facility is extremely difficult, must recognise that a lot of the economic benefit is to the area (hotels, restaurants, etc)
 - the operator would need to be able to offer competitive rates to ensure they could attract business from the mainland. More information is required regarding level of competition, particularly for the smaller conferences
- the marketing of the new facility will be critical if it is to succeed.

Summary

4.18 The following operators indicated a high level of interest in the development:

- SMG Europe
- NEC Group
- Signature Group
- Dolce International.

4.19 Two of the operators (Signature Hotel Group and Dolce International) are hotel based conference operators who would be interested if the conference+events venue was linked to accommodation on the site.

Analysis of the management options

4.20 Our understanding of the States conference and event centre delivery objectives are set out below:

- to secure the long-term sustainability of Fort Regent
- to minimise subsidy levels, although it is recognised that any subsidy will be offset via the economic benefit of a new conference facility
- to secure appropriate upfront capital investment including commercial partner investment
- to ensure the highest possible standards of quality in the management of the new conference centre
- minimise risks associated with operation of the facility
- commercial approach to management of the centre.

SECTION 4 - PROCUREMENT AND MANAGEMENT OPTIONS

Service & delivery

4.21 In considering the implications of each of the potential delivery options, the following issues should be noted:

- control and quality of service
- impact on staff.

Control and quality of service

4.22 Currently the States has total flexibility and control over management of their facilities through their in-house management.

4.23 The implementation of any of the other alternative delivery options would lead to a reduction in the level of direct control exerted by the States and would place considerable significance on the nature and scope of any contractual arrangements between the States and the delivering organisation.

4.24 It is recommended that, in all cases, a detailed specification be developed against which the chosen management option can be monitored and evaluated. The States should consider linking annual management fee payments to the actual performance of the management team and could penalise them financially where performance falls below required standards. For example, poor quality marketing of the facility or below target number and type of events staged. This will help to both control the activities at the centre and promote a suitable quality of delivery.

4.25 This type of system is most effective for arms-length management (private contractor/ SPV management), but even for in-house management, it is important that a suitable monitoring and measurement system is in place to allow the success or otherwise of the conference centre to be demonstrated.

Impact on staff

4.26 Continued in-house provision would avoid any major change management issues and allow the employees to remain within their current environment.

4.27 As regards the other delivery options, the Council would need to ensure that the transfer of staff occurs in accordance with statutory regulations and that there are obligations contained within the contract to deal with any subsequent transfers in an appropriate way.

4.28 However, transfer to a major private organisation can also be viewed positively as it will provide greater opportunities for staff to develop and achieve promotions across the organisation's portfolio of venues.

Comparison of options

4.29 Having outlined, in narrative form, the management options available and the issues associated with each option. Table 4.2 provides a direct comparison of each option against the key requirements of the States and other key assessment criteria.

SECTION 4 - PROCUREMENT AND MANAGEMENT OPTIONS

Table 4.2 Comparison of management options

	Option 1 In-house management	Option 2 Private Company	Option 3 Special Purpose Vehicle
Sustainability	Based on States continued support	Large private organisation with significant balance sheet strength	Based on States continued support
Staff protection	No transfer issues	Through contractual agreement	Through contractual agreement
Community focus	Close to community	More distant from community	Close to community
Independence	No	Long term	Partial
Relationship to Council	Part of Council	Partner with Council	Partner with Council
Council control	Total	Through specification/ contract	Through specification / contract
Risk transfer	No	Maximised	Partial
Service enhancement	Limited	Maximised	Possible
Revenue benefits	Limited	Maximised	Possible

4.30 Table 4.2 clearly indicates that a large private national company is best placed to meet the stated objectives of the future management of the conference facilities. In addition, the results of the market testing indicate genuine interest in a Jersey conference centre, which improves the opportunity to bring a significant private operator to the new centre.

Procurement options

4.31 The first part of this section has focussed on the broad management options available to the States. We now outline the procurement options open to help achieve the proposed redevelopments.

4.32 The key driver is to provide the required level of capital investment, whilst minimising the cost to the States. Four primary models have therefore been reviewed:

- private sector investment
- public private partnership (PPP)
- capital investment by the States, under a hybrid PPP model
- traditional design & build contract.

SECTION 4 - PROCUREMENT AND MANAGEMENT OPTIONS

- 4.33 None of these models preclude the States using a variety of capital funding sources (naming rights/ sponsorship/ capital receipts etc) and more information on alternative funding sources is contained in Section 5.

Private sector investment

- 4.34 Many of the well-known hotel/ conference venues are owned and managed by a private company. The company invests the capital, manages the facilities and obtains a return on its investment via the revenue streams generated from the hotel and conferencing.
- 4.35 However, the development proposed for Jersey is a stand-alone conferencing venue, and is unlikely to make any revenue surpluses to repay capital investment. Therefore, the developments as proposed are unlikely to be attractive as an investment opportunity to a private company.
- 4.36 In addition, our understanding is that the States may wish to retain ownership of the site/ venue and grant a lease to the preferred operator/ developer. This type of leasehold structure would preclude use of a private sector investment model.

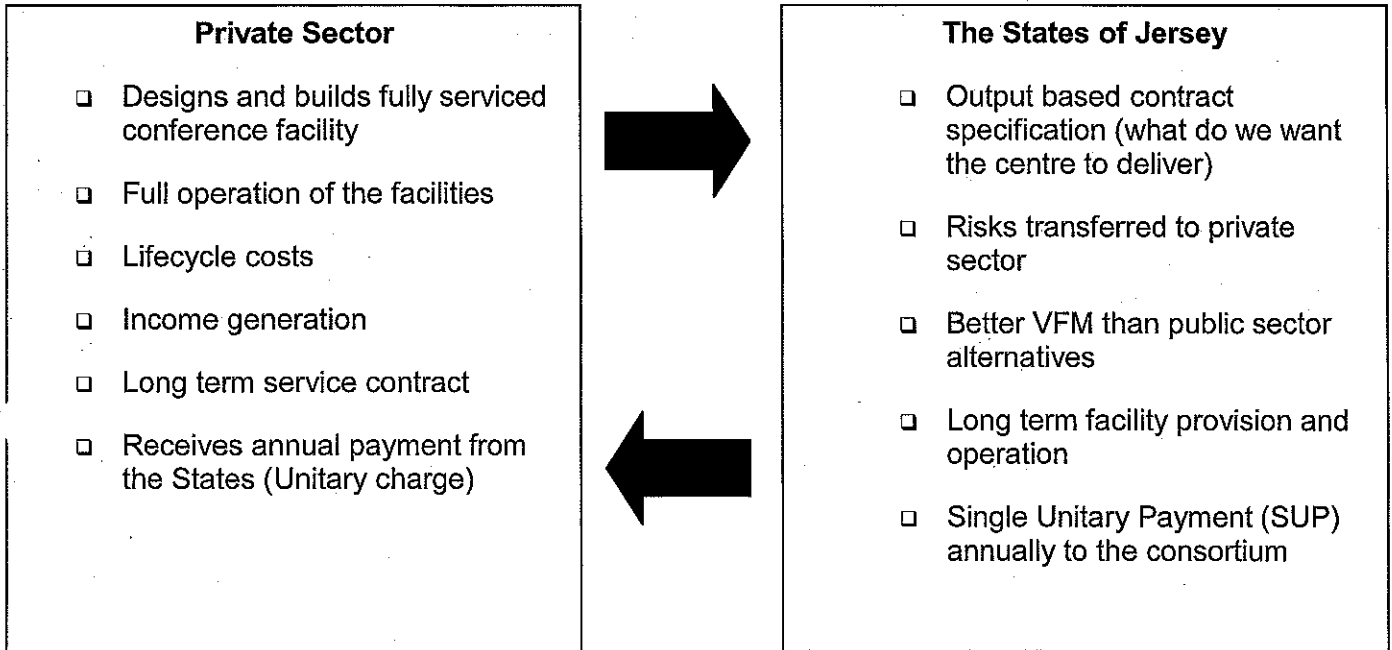
Public Private Partnership

- 4.37 This type of contractual arrangement involves a private partner agreeing to provide a package of services to the States, in return for an annual revenue payment (unitary charge).
- 4.38 As outlined in Figure 4.1, the private sector partner will usually put together a Special Purpose Vehicle (SPV), which will provide the funding, management and construction services. For example, an SPV for Fort Regent could include SMG as operator of the facilities, Alfred McAlpine as the construction partner and Barclays Bank as the funder.
- 4.39 The benefit of this type of structure is that the States would retain long-term ownership of the conference centre, and the SPV would provide all of the required services in one package – thus transferring much of the construction and operating risk to a 3rd Party provider. However, there would need to be a 25-30 year contract in place in order for the SPV to have sufficient time to repay the debt finance.
- 4.40 The State's ability to provide revenue support is critical as the annual revenue payment would need to cover both operational deficits and the debt repayment costs. Section 5 analyses this in further detail. However, the private sector offers the benefit of wide commercial knowledge and experience which should lead to financial savings, through greater efficiency of operation and higher income generation. Their culture is highly customer focused and market driven.
- 4.41 As mentioned earlier, a key part of the process is developing an appropriate contract that protects any current emphasis on community developments. The States will control policy via the Output Specification that forms a key part of the documentation to be signed by the selected private sector consortia.
- 4.42 A particular benefit that the private sector brings is the ability to access significant capital investment. While the transfer can take circa 18 months, the completion of model documentation in the UK may help to increase the speed with which a deal can be concluded.

SECTION 4 - PROCUREMENT AND MANAGEMENT OPTIONS

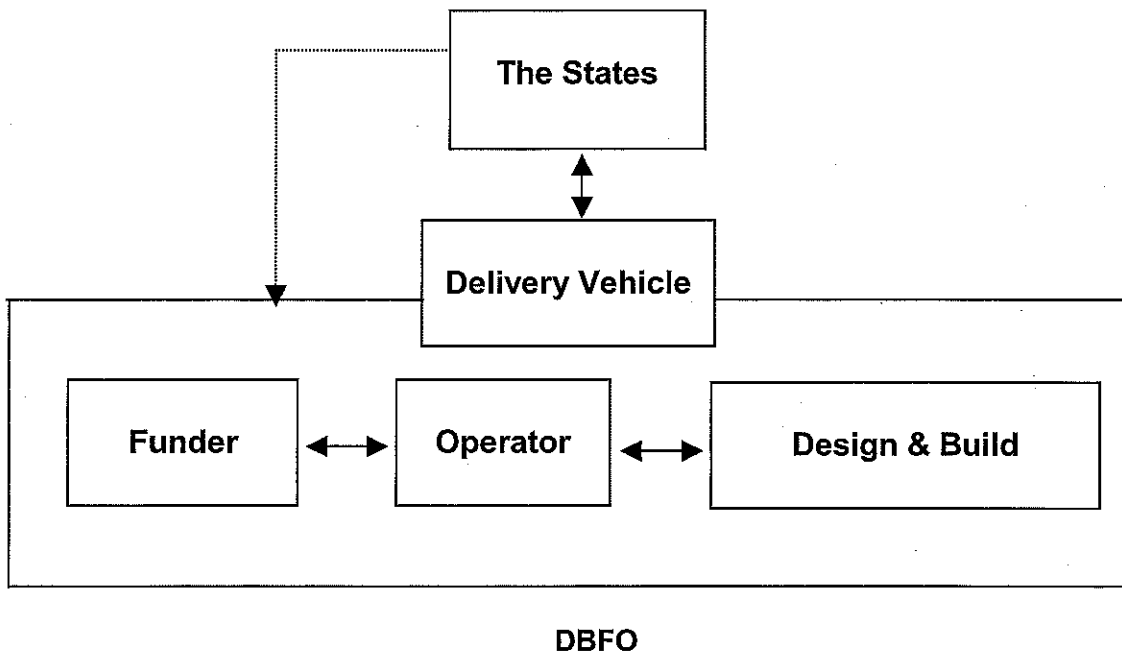
4.43 Most PPP's will be via the Design, Build, Finance and Operate (DBFO) process, as shown in Figure 4.1.

Figure 4.1 Typical DBFO Process – Service Contract Circa 25 years



4.46 The overall structure is typically as set out in Figure 4.2.

Figure 4.2 Overall Structure



4.47 Of paramount importance with this option will be the annual revenue cost to the States, which is outlined in more detail in Section 5.

SECTION 4 - PROCUREMENT AND MANAGEMENT OPTIONS

Capital investment by the States, within a hybrid PPP model

- 4.44 The PPP model provides some key risk transfer benefits by asking the private sector to undertake the design, build, operation and long-term maintenance of the new conference centre. However, one of the key concerns with the PPP option is the cost of providing the capital investment – normal PPP transactions in the UK have a blended cost of capital of around 7%.
- 4.45 A potential opportunity to reduce the cost of capital is for the States of Jersey to provide the capital directly, and effectively act as the ‘funder’ in the model shown at Figure 4.2. This allows the States to use their borrowing power to provide lower cost capital, whilst still utilising the benefits of having one party undertake the design, build, operation and maintenance of the new centre.
- 4.46 Key advantages of this model over a traditional PPP are:
- lower cost of capital funding
 - the States can let a 10-15 year contract, rather than having to let a 25+ year contract, meaning that they retain greater flexibility to change the management route in the future.
- 4.51 Our understanding is that the States have the power to undertake such capital borrowing, and the key issue is whether the repayments can be afforded – further information on this aspect is provided in Section 5.

Traditional Design & Build Contract

- 4.52 A fourth option for procuring the new conference centre is for the States to let a traditional design & build contract to a major construction company and then separately procure an operator for the new centre.
- 4.53 This procurement route would involve the States providing the capital finance, and running separate procurement competitions to choose a design and build partner and then a separate operating partner.
- 4.54 The key benefits of this route are:
- the separation of the operating aspect of the contract allows the States to choose from all of the management options previously discussed, as none of them are linked to the construction element
 - a relatively short-term contract can be let to an operator (5-10 years) so that the States are not tied in to one management vehicle for 25+ years
 - the States will have complete control over the choice of design and construction for the new centre.
- 4.55 However, there are significant disadvantages associated with this option:
- separating the construction from the operation means that no specific party is responsible for the whole project, meaning that greater risk will remain with the States

SECTION 4 - PROCUREMENT AND MANAGEMENT OPTIONS

- there is no involvement of the operator in the design of the new centre, thereby losing the opportunity to use their international expertise and best practice methods in the new design
- the States will still be the primary capital funder and will need to source the capital required
- running two separate procurement competitions is likely to be costly and time consuming.

4.56 Table 4.3 summarises the key issues with each of the four procurement routes identified.

Table 4.3 Comparison of procurement routes

	Private sector investment (Option 1)	PPP (Option 2)	States investment via PPP model (Option 3)	Design & Build contract (Option 4)
Cost of capital	Expensive	Expensive	Minimised via States investment	Minimised via States investment
Likely level of interest	Unlikely	Likely	Very Likely	Very Likely
Flexibility of management option	Private sector only	Private sector only	Private sector only	Any of the models identified
Length of contract required	Transfer of ownership of asset	25-30 years	10-15 years	5-10 years
Procurement costs	Low (less than £250k)	Medium (£250-500k)	Medium (£250-500k)	Medium (£250-500k)
Timescale to procure	Within 12 months	15-24 months	12-18 months	15-24 months
Level of risk transfer	Complete	High	High	Low
Level of involvement of operator in the design process	High	High	High	None
Level of control retained by States over design process	None	Some	Some	High

SECTION 4 - PROCUREMENT AND MANAGEMENT OPTIONS

- 4.57 Of the four options, Options 1 and 2 can be discounted due to the relatively high cost of capital investment and the uncertainty over the likely level of interest in the market place.
- 4.58 Options 3 and 4 both provide deliverable solutions, which minimise the cost of capital through utilising States investment, and are likely to receive a high level of interest from the market place. The key differences between the models are in the level of risk transfer in areas such as:
- demand risk/ construction risk/ maintenance risk
 - the level of involvement of the operator in the design process
 - the length of contract
 - the opportunity to utilise different management methods.
- 4.59 The States will need to consider where their priorities are against the criteria outlined in paragraph 4.58, as this will be critical in deciding on the preferred procurement method.
- 4.60 Section 5 will outline the financial implications of the new conference and events centre in more detail.

Section 5

Business plan and financial modelling

Introduction

- 5.1 Utilising the information contained in Sections 3 and 4, this section will outline the financial implications of the new conference+events venue, looking at both capital and revenue aspects.
- 5.2 The business plans and financial models which support this section are provided in Appendix B.

Revenue business planning

- 5.3 The base model includes the following assumptions:
- the management vehicle will be a private sector operator, with a central HQ for personnel/ finance etc. Therefore the venue will not need to replicate these services at a local level
 - the projections are based on the utilisation levels (number of conferences etc.) outlined in the Tourism Company Report
 - rates are based on the current cost at Fort Regent, and have not been recalculated for the new developments
 - no Goods and Service Tax has been included, although we are aware that proposals are being considered by the States to change this in the future
 - budgeted costs include significant allowances for lifecycle maintenance to ensure a high quality of long-term provision
 - catering will be outsourced to a specialist provider, with the Centre receiving a 15% share of income
 - a 12% margin has been included for head office costs and profit
 - the models exclude inflation
 - an additional £25k has been included in year 1 for initial marketing costs to promote the new venue
 - the displacement effect on other facilities in Jersey is assumed to be minimal.

Option 1: Queens Hall Rotunda

- 5.4 Table 5.1 outlines the revenue projections for the Queens Hall Rotunda development option.
- 5.5 Identified separately is a subvention budget calculated as 75% of the income from Association conferences. It is considered prudent for the States to include a subvention budget in order to attract major conferences via subsidised travel/ accommodation etc. However, this has been identified separately as it may or may not be funded from the same source as the operation of the centre.

SECTION 5 - BUSINESS PLAN AND FINANCIAL MODELLING

Table 5.1 Revenue projections – Option 1: Queens Hall Rotunda

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	£	£	£	£	£	£	£	£	£	£
Income										
Conferences	132,750	139,388	146,357	150,748	153,763	153,763	153,763	153,763	153,763	153,763
Entertainments	189,900	199,395	209,365	215,646	219,959	219,959	219,959	219,959	219,959	219,959
Catering	116,201	122,011	128,112	131,955	134,594	134,594	134,594	134,594	134,594	134,594
Other	358,615	367,289	376,396	382,134	384,367	384,367	384,367	384,367	384,367	384,367
Total	797,466	828,083	860,230	880,482	892,682	892,682	892,682	892,682	892,682	892,682
Expenditure										
Staffing	855,623	861,747	868,176	872,226	874,666	874,666	874,666	874,666	874,666	874,666
Maintenance	212,700	212,700	212,700	212,700	212,700	212,700	212,700	212,700	212,700	212,700
NNDR	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200
Utilities	71,700	71,700	71,700	71,700	71,700	71,700	71,700	71,700	71,700	71,700
Other	450,420	455,319	460,462	463,703	465,655	465,655	465,655	465,655	465,655	465,655
Total	1,595,643	1,606,665	1,618,238	1,625,529	1,629,921	1,629,921	1,629,921	1,629,921	1,629,921	1,629,921
Net operational cost	-798,177	-778,583	-758,008	-745,047	-737,239	-737,239	-737,239	-737,239	-737,239	-737,239
Subvention budget	- 60,750	- 63,788	- 66,977	- 68,986	- 70,366	- 70,366	- 70,366	- 70,366	- 70,366	- 70,366
Total annual cost	- 858,927	- 842,370	- 824,985	- 814,033	- 807,605	- 807,605	- 807,605	- 807,605	- 807,605	- 807,605

5.6 Table 5.1 identifies an annual operational deficit of circa £750k, which is higher than that in the original Tourism Study Report. However, the original report did not take into account any profit margin / contingency, and had considerably lower maintenance costs than outlined in our projections. Our projections also include a sum for ICT costs – networking / imaging / equipment replacement etc that will be expected in a modern conferencing and entertainments venue.

5.7 The assumptions for each income category are set out in the following paragraphs.

Income

Conferencing

- 5.8 The conference income is split into two categories, namely Association and Commercial conferences. The utilisation level is based on the original Tourism Study Report and assumes day rates of £1,800 for Association Conferences and £2,500 for Commercial Conferences.
- 5.9 This level of income is similar to that outlined in the original Tourism Company Report and in other venues such as Brighton Conference Centre.

Entertainments

- 5.10 These include concerts, sports and community events and the level of utilisation (72 events) is again taken from the Tourism Company Report.
- 5.11 Concerts are based on a rental rate of £3,500, whilst £3,000 is assumed for sports events and £1,250 for local community events. This is again in line with the Tourism Company Report and is comparable with current revenues at Fort Regent.

Catering

- 5.12 Catering income is based on a normal outsourcing arrangement, with a 15% share of income to the centre. This is the sort of arrangement being proposed in newer venues such as Bristol Arena, and is based on a major national Food & Beverage provider having complete control over the catering and banqueting arrangements.
- 5.13 In calculating the gross income from catering, the following spends per head have been assumed:
- entertainments £5 per head
 - exhibitions £2.50 per head
 - association conferences £25 per head, plus 2 banquets
 - commercial conferences £35 per head, plus 5 banquets
 - other commercial events £5 per head, plus 8 banquets.
- 5.14 These are comparable with other venues and with the original Tourism Company Report.

Other income

- 5.15 Other income includes the following categories:
- exhibitions
 - advertising
 - awards ceremonies
 - trade events
 - meetings

SECTION 5 - BUSINESS PLAN AND FINANCIAL MODELLING

- booking commission
 - ticketing commission
 - parking income.
- 5.16 Exhibitions income is based on 12 Fairs at £1,250 rental per event. This will include events such as wedding fairs, computer fairs, antiques fairs etc, and will therefore be at a relatively low rental cost compared to more commercial activities. In addition, five trade events are included at £1,500 per event, covering areas such as product launches and specific trade events.
- 5.17 The business plan includes two awards ceremonies at £1,500 per event, covering areas such as college leaving events or professional ceremonies. Meetings are based on 25 days per annum at a cost of £250 per day, including refreshments.
- 5.18 Advertising income is based on specific income per event (£1,500 for entertainments and £500 for fairs and exhibitions) from the promoters in order to advertise their particular show/ event. However, this will be offset by the centre's own marketing budget and the need to contribute to promotion costs for some of the less commercial activities.
- 5.19 Booking commission is linked to provision of an accommodation booking service, with a £5 booking fee for each transaction. Similarly, ticketing commission is based on a 2% commission on event ticket sales.
- 5.20 Car parking income is based on additional utilisation of the car park by conference guests, resulting in a contribution of £2.50 per guest being paid to the conference centre for 50% of users (excluding conferences, which will have separate transport arrangements).

Expenditure

Staff costs

- 5.21 Staff costs account for over 50% of total expenditure, and the staff structure is as follows:
- Operations Director
 - Finance Manager
 - Event co-ordinator (x2)
 - Conference organiser (x2)
 - Finance assistant
 - Administration support/ receptionists (x5)
 - Advertising & marketing manager
 - Advertising & marketing assistant
 - Security officer (x3)
 - Maintenance Engineer (x2)

- Box office staff (x5)
- Technical staff (x4)
- Cleaner (x3).

5.22 31 Full-time equivalent (FTE) posts are included in the day-to-day staffing structure. In addition, an average of 10 event-related staff are employed on a part time basis per event – this will cover additional stewarding and other event-related staffing posts.

5.23 No catering staff are included in the business plan, as the catering is contracted to a third party provider, however, it is envisaged that at least 5 additional FTE posts will be created, plus part-time event-related provision.

Maintenance costs

5.24 The second most significant annual cost is related to repairs and maintenance at the new facility. The annual spend is split between day-to-day repairs and maintenance, which is costed at £15 per sq m, and lifecycle maintenance tasks, which are costed at 1.5% of initial capital investment. These levels are considered sufficient to sustain a high quality venue, which will meet consumer needs and ensure the facility remains in a good state of repair in the long-term.

5.25 Whilst the level of lifecycle expenditure will be lower in early years, when the centre is still new, it is recommended that a sinking fund be put in place and funded annually in order to ensure sufficient monies are available when major replacement/ redecoration/ renovation is required in future years.

Utilities

5.26 Utilities costs are based on £15 per sq m, which is considered to be a reasonable cost for a facility of this type, when compared to other UK venues.

Other expenditure

5.27 Other expenditure includes:

- cleaning and waste disposal
- insurance
- ICT costs
- transport
- supplies and services
- administration costs
- head office costs and profit.

5.28 Of these, the most considerable is the head office costs and profit element, which is circa 12% of income. This level is considered to be reasonable for a conference centre of this nature, although the final level will be dependent upon the management route chosen and, if private sector management is selected, the particular operator.

Subvention

- 5.29 In the past many older style UK conference centres based much of their Association Conference business on providing a high level of subvention, which was justified through the additional economic benefit brought to the town.
- 5.30 Recently, this trend has been reducing in the newer venues, where the quality of offer is considerably enhanced and therefore the value for money is considered to be far greater, thus requiring less subvention. The aspiration for a conference centre in Jersey should be to provide a high quality venue, with little need for subvention.
- 5.31 However, in order to attract business to a new centre, and in order to overcome some of the transport difficulties, both in terms of cost and convenience, the centre may need to subvent some of the Association conferences. Table 5.1 therefore separately identifies a subvention budget based on the level of Association business. It is considered prudent to budget for this subvention, whilst endeavouring at all times to reduce any subvention to zero.

Option 2/3: Swimming Pool or alternative site

- 5.32 Table 5.2 outlines the revenue implications associated with development on a standalone site, outside of the Fort (assumes full facility mix). The key differences are:
- a small increase in rental charges has been assumed, due to the improved perception of the venue as a standalone specialist conference centre, rather than as part of the Fort
 - a small improvement in catering income through increased outlets and improved design of venue
 - a reduction in permanent staffing to 28 FTE's due to improved building design, which allows more effective supervision of the venue and front-of-house areas (reception/ box office etc)
 - a reduction in utilities costs and repairs/ maintenance costs through improved design due to no existing building constraints.
- 5.33 The primary improvements in revenue terms are due to the improved flexibility and design that can be achieved on a clear site, with no existing building constraints. However, there is an additional capital cost associated with this improved flexibility and design, which is considered later in this section.

SECTION 5 - BUSINESS PLAN AND FINANCIAL MODELLING

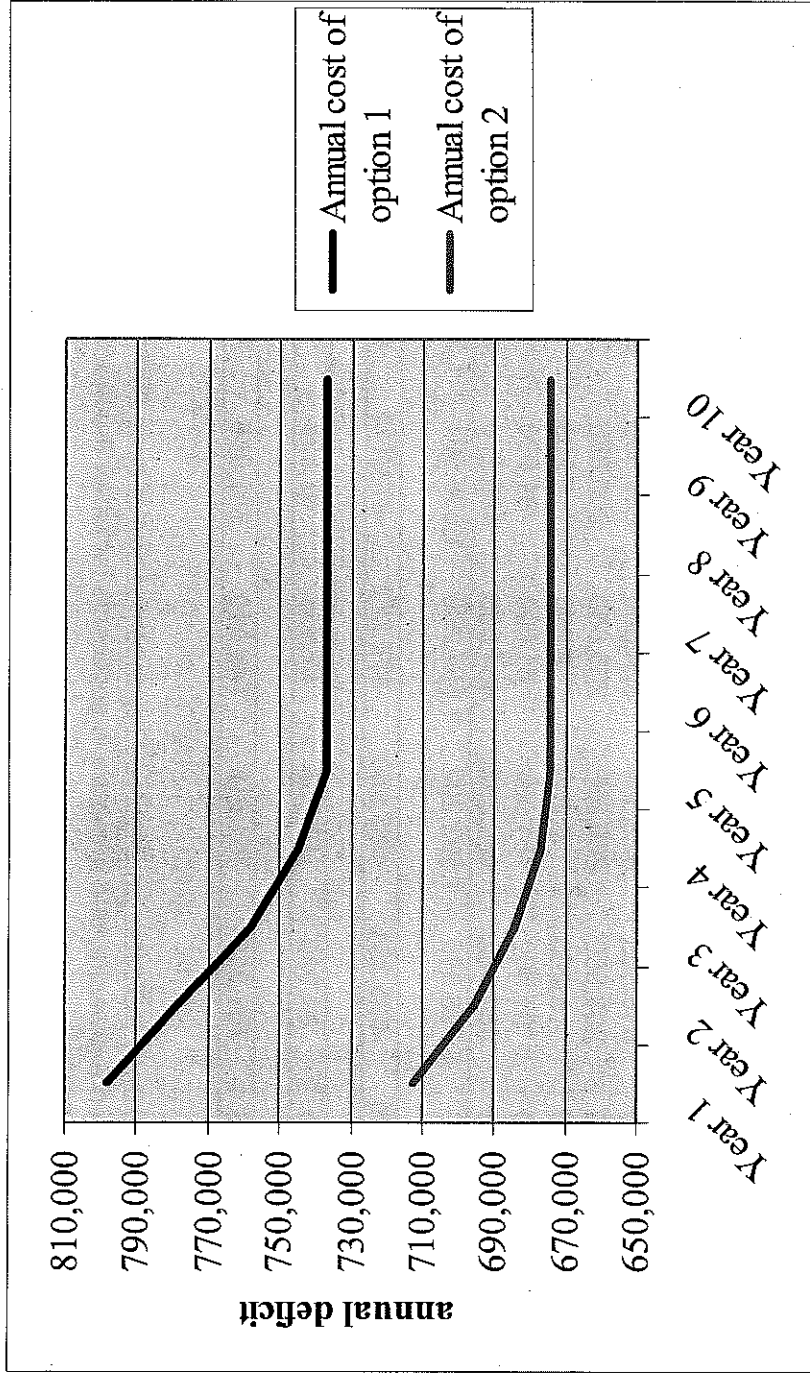
Table 5.2. Revenue projections – Option 2/3 – Swimming pool or alternative site

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	£	£	£	£	£	£	£	£	£	£
Income										
Conferences	144,055	149,817	153,563	153,563	153,563	153,563	153,563	153,563	153,563	153,563
Entertainments	222,310	231,202	236,982	241,722	244,139	244,139	244,139	244,139	244,139	244,139
Catering	130,390	135,605	138,995	141,775	143,193	143,193	143,193	143,193	143,193	143,193
Other	367,645	374,939	379,681	383,268	383,268	383,268	383,268	383,268	383,268	383,268
Total	864,400	891,564	909,221	920,328	924,163	924,163	924,163	924,163	924,163	924,163
Expenditure										
Staffing	813,400	818,833	822,364	824,586	825,353	825,353	825,353	825,353	825,353	825,353
Maintenance	200,850	200,850	200,850	200,850	200,850	200,850	200,850	200,850	200,850	200,850
NNDR	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200
Utilities	81,900	81,900	81,900	81,900	81,900	81,900	81,900	81,900	81,900	81,900
Other	475,716	480,062	482,888	484,665	485,278	485,278	485,278	485,278	485,278	485,278
Total	1,577,066	1,586,845	1,593,202	1,597,200	1,598,581	1,598,581	1,598,581	1,598,581	1,598,581	1,598,581
Net operational cost	-712,666	-695,281	-683,980	-676,872	-674,418	-674,418	-674,418	-674,418	-674,418	-674,418
Subvention budget	- 63,450	- 65,988	- 67,638	- 67,638	- 67,638	- 67,638	- 67,638	- 67,638	- 67,638	- 67,638
Total annual cost	- 776,116	- 761,269	- 751,618	- 744,510	- 742,055	- 742,055	- 742,055	- 742,055	- 742,055	- 742,055

5.34 Comparing this to Option 1 indicates an improved revenue position of circa £65k per annum. This revenue position is based on a purpose built facility on a new site, and therefore is applicable for either the swimming pool site adjacent to the Fort, or other alternative sites in the St Helier area.

5.35 Figure 5.1 compares the options in graphical form.

Figure 5.1 Graphical representation of the revenue cost of each option



5.36 The graph clearly shows that, in revenue terms, a new centre on a clear site is the most affordable option. However, this needs to be considered in light of the capital implications explored later in this section. Also evident is the need to develop the business over the first 4-5 years in order to reach a mature position.

- 5.37 It is also worth noting that both models currently exclude inflation. However, there is likely to be an annual increase in costs above inflation due to the staff costs, which have traditionally increased at between 3 and 4% per annum – well above the basic level of inflation. Centre management will therefore need to find additional revenue streams or implement cost cutting methods to keep control of expenditure.

Capital cost implications

- 5.38 As discussed in the previous section, there are a number of opportunities for capital investment in the new conference centre:

- private sector investment via a PPP-model
- States capital investment
- other capital sources
 - naming rights
 - sponsorship
 - capital receipts
 - cross-subsidies.

- 5.39 A key issue is that the new conference centre is a standalone facility, with no revenue generating ancillary development, and therefore there is no revenue surplus available to attract private sector investment without a commensurate return on that investment.

Private sector investment via a PPP

- 5.40 As outlined in Section 4, there is potential for capital investment via a Public Private Partnership structure. This will involve the private sector SPV borrowing 90% of the capital required, and providing the other 10% as equity. Using this type of structure, the cost per £1m of capital required is circa £103k pa in revenue terms. This is based on the following assumptions:

- 90% of the funding will be debt finance (senior debt), at 6.05%
- 10% of the funding will be equity, at 12-15%
- the senior debt will be repaid over 22 years
- the contract term will be 25 years
- initial set up costs of £0.5m will be incurred to cover legal and financial fees
- annual SPV running costs of £75k are included.

- 5.41 The cost of providing capital investment via a PPP-type structure for each option will therefore be:

- Option 1 (Queens Hall Rotunda) - £971k pa to provide £9.4m of capital investment
- Option 2/ 3 (swimming pool or alternative site) - £2,115k pa to provide £22.1m of capital.

SECTION 5 - BUSINESS PLAN AND FINANCIAL MODELLING

5.42 These annual revenue costs would need to be funded in addition to the operating deficit at the new centre. Therefore, the overall cost of each option under a PPP model in year 5 would be:

- Option 1 (Queens Hall Rotunda) £1,708k
- Option 2/3 (swimming pool or alternative site) £2,789k.

5.43 This level of direct expenditure needs to be considered against the wider economic benefits outlined in Section 6.

States of Jersey investment

5.44 Utilising a PPP-type structure, but with States investment, will allow savings to be made over the cost of capital and will provide greater flexibility over length of contract with a private partner.

5.45 In comparison to the normal PPP structure, the States are likely to be able to borrow the capital required at a level of circa 4.75%. This is considerably lower than the 6.7% blended rate under the PPP structure.

5.46 The assumptions for this model are:

- the States will borrow the money over 25 years
- the States will guarantee the borrowing.

5.47 The cost of borrowing for each option is:

- Option 1 (Queens Hall Rotunda) - £639k pa to provide £9.4m of capital investment
- Option 2/3 (swimming pool or alternative site) - £1,503k pa to provide £22.1m of capital.

5.48 These annual revenue costs would need to be funded in addition to the operating deficit at the new centre. Therefore, the overall cost of each option under a PPP model in year 5 would be:

- Option 1 (Queens Hall Rotunda) - £1,376k
- Option 2/3 (swimming pool or alternative site) - £2,177k.

5.49 This level of direct expenditure needs to be considered against the wider economic benefits outlined in Section 6.

Other capital sources

5.50 There is limited potential for other capital sources, such as sponsorship and naming rights, and these are unlikely to be significant for any of the options outlined.

5.51 The standalone venue outside of the Fort is likely to prove more attractive to potential sponsors/ naming rights partners as there is greater potential for the venue to be 'branded' by the sponsor. In comparison, the Rotunda development offers little opportunity for distinctive individual branding, which reduces the attractiveness to any potential sponsor.

SECTION 5 - BUSINESS PLAN AND FINANCIAL MODELLING

- 5.52 In either case, there are few examples of major sponsorship deals for conference centres of this type. It would therefore be difficult to rely on this as a major source of capital investment.
- 5.53 Other opportunities include cross-subsidy of the venue from adjacent ancillary development, such as a linked hotel or residential development. This type of development could provide significant capital subsidy through the revenue generating nature of the ancillary development, however, this will need to be considered in light of wider developments in the town and the States policy towards these developments.
- 5.54 Excluding the major development route, these alternative sources of income are unlikely to provide more than £1m or £2m towards the capital cost of the new conference centre.
- 5.55 Therefore, the majority of capital funding will need to be provided via either a PPP route or the States of Jersey. If it is to be provided by the States, there may also be an opportunity for capital receipts from other land sales to be diverted into this scheme, depending on wider government policy.

Summary

- 5.56 Taking into account the revenue and capital implications for the different options, the cost to the States is likely to be significant. The best case funding scenario, utilising States investment into a new conference centre in the Queens Hall Rotunda, and assuming up to £2m of other capital sources, will require an annual revenue subsidy of circa £1.25m pa. However, the cost could range from £1.2m to £2.2m pa, depending on the option chosen and the level of additional capital available.
- 5.57 The annual cost of the conference centre therefore needs to be considered against the economic benefits outlined in Section 6.

Section 6

Impact assessment



Introduction

- 6.1 As noted in Section 1 and demonstrated in Section 5, only a minority of conference centres worldwide meet their operating costs, very few are able to cover debt servicing costs and a capital and on-going revenue subsidy may be required if a new conference+events venue is developed in Jersey.
- 6.2 A key focus of this study is therefore to understand the potential wider benefits and other implications of a new conference and events facility in Jersey.
- 6.3 The potential impacts of new conference+events venues are wide ranging and include:
- economic impact
 - tourism market development
 - business and meetings market development
 - social impacts including displacement of existing user groups
 - opportunity costs.
- 6.4 Within this section we review each of these potential impacts in turn, in relation to the proposed conference+events venue in Jersey. This will enable an objective cost benefit analysis of the development opportunity, to be undertaken.
- 6.5 It should be noted that whilst some of these potential impacts can be quantified, others are qualitative in nature. However, all of these impacts will be important in understanding the true value of the proposed development to the local economy.
- 6.6 An excel model has been developed to support this impact assessment process and is provided in Appendix C. This incorporates both qualitative and quantitative impacts of the conference+events venue.

1. Economic impact

- 6.7 Economic impact can be defined as the net change in an economy resulting from an event or addition to the market. The change is caused by activity involving the acquisition, operation, development and use of facilities and services. The economic impacts are composed of direct, indirect, and induced effects.
- 6.8 Direct effects are the purchases needed to meet the increased demand of visitors for goods and services. Indirect effects are those resulting from additional rounds of re-circulating services, and induced effects are the increase in employment and household income that result from the economic activity fuelled by the direct and indirect effects.
- 6.9 The following table illustrates current Jersey conference market economic impact statistics, taken from 'Jersey Tourism Annual Report – 2003 in Focus'.

Table 6.1 Current Jersey Conference Visitor Information

Visitor Information	2000	2001	2002	2003
Staying conference visitor volume	16,000	13,000	13,900	4,200*
Staying conference visitor average stay	3.1	3.2	3.1	2.9
Average spend per visit – association conferences	-	-	£520	£537
Average spend per visit – corporate conferences	-	-	£388	£406
Average spend per visitor – association & corporate conferences combined	-	-	£428	£438
Staying conference visitor on-island expenditure	£6million	£5million	£6million	£2million*
Staying conference visitor on-island expenditure reflated to 2003 levels	£7million	£5million	£6million	£2million*

* LOWER FIGURES REFLECT REDUCED CAPACITY RESULTING FROM HIRE AT HOTEL DE FRANCE

- 6.10 This table demonstrates that the conference market already has a significant impact on the Jersey economy. It is anticipated that a modern, high quality, conference and event centre could significantly increase the impact of the conference market in the Jersey economy.
- 6.11 An accurate calculation of the economic impact of new venues is extremely complex. The process is largely subjective with the result that different venues use different methods of calculation and their projections cannot always be used for comparative purposes.
- 6.12 Where available, industry guidance documents, such as the British Tourist Authorities advisory note on estimating the direct expenditure benefits of conference to a local area, have therefore been used.
- 6.13 However, it should be noted that industry guidance does not incorporate many of the qualitative economic impacts that we have included within this review process. Many of the assumptions are therefore based on local market experience and our experience of similar impact assessment studies.

Economic impact categories

- 6.14 Key economic impacts of conference and event centres include:
- **conference delegate spend** – this includes visitor spend on hotels, meals, drinks, entertainment, visits to attractions, buying gifts and transport within the conference destination. It includes spend paid directly by conference organisers on behalf of delegates and any money spent by delegates on behalf of accompanying guests.

It does not include spend within the conference+events venue, which is incorporated within the business plan in Section 5, or travel to and from the destination.

Conference delegates have been shown to outspend other visitors on a pounds per day basis, with industry figures suggesting that the business spend is significantly greater than that of their standard tourist counterpart, even excluding travel costs and partner spending. The average tourist spend in Jersey has been calculated at £285 per day compared to £537/£406 per visit for conference delegates (Jersey Tourism annual report, 2003 in focus)

- **event spectator spend** – this is additional spend within the local economy resulting from attendance at an event and is much lower than conference visitor spend as the majority of event spectators are expected to be from Jersey. Additional spend is likely to include meals in the local vicinity and transportation to the event. Only spend in relation to events which are additional to the island as a result of the new conference+events venue, rather than those which are simply displaced from other venues, should be included within this impact assessment
- **conference organiser and exhibitor spend** – this includes spend on local conference and exhibitor services as well as personal spend, which reflects that of conference visitors, as noted above
- **centre's purchases within the local economy** – this indirect economic impact includes expenditure by the new conference+events venue on goods and services from suppliers within the local Jersey economy. Sectors affected could include distribution (including retail), tertiary services (including professional services such as marketing and equipment hire) and manufacturing (including printing)
- **job creation** – this includes:
 - direct permanent and temporary job creation at the new centre calculated as the number of full-time equivalent (FTE) jobs. This includes casual staff who are hired directly or through local agencies
 - indirect job creation, including:
 - a. FTE jobs in the local area supported by the Centre's purchase of goods and services from local suppliers
 - b. FTE jobs in the local area supported through spending in the Jersey economy by visitors to the centre from outside of Jersey.
 - induced job creation through the multiplier effect of the additional direct and indirect expenditure rounds injected into the local economy.

In assessing indirect and induced job creation it is important to consider which jobs are additional to the economy and which would have existed anyway without the new centre. Where conferences and events held at the new centre are new to the economy, the additional jobs created will be higher than if the conferences and events are simply displaced from other venues.

For our impact assessment modelling purposes, we have restricted our impact analysis to directly created FTE jobs, based on the conference+events venue outline staffing structure developed in Section 5.

However, indirect and induced impacts can be significant, and should therefore be assessed as part of any ongoing monitoring and evaluation programme should be centre be developed.

- **business development benefits** – this includes benefits to the economy resulting from increased business expertise and improved company operating standards within companies supplying goods and services to the new centre
- **increased investment in the surrounding area** – this can result from:
 - the increased marketing and improved image, reputation and perception which successful conference centres can bring to Jersey
 - exposure to/ identification of development opportunities during visits to to Jersey by conference delegates.
- **opportunities for development of specialised services** – these could result from the growth of the conference and events market in Jersey and the need for improved services from local companies to meet the needs of this market, such as conference and exhibition organisers, catering companies etc
- **enhanced networking/ new business opportunities** – the conference centre will bring senior professionals from a variety of industries to Jersey and expose them to the new business opportunities on the island. Likewise, their presence will also enable Jersey based companies to identify business opportunities and undertake greater networking
- **tax revenue** – the States will benefit from additional direct and indirect tax revenue as a result of expansion of the conference market in Jersey
- **tourism market economic impacts** – these are reviewed as a separate category of impacts later in this section.

Economic impact assessment (EIA) spreadsheet model

- 6.15 An EIA assessment is included in the impact spreadsheet model in Appendix C. Within this model we have aimed to quantify the above economic impacts where appropriate. The key findings and assumptions are summarised in Table 6.2.

Table 6.2 New conference+events venue EIA

Economic impact	Key assumptions	Impact per annum (£)
Conference delegate spend	Annual average attendance at conferences based on Tourism Co. and PMP business plan assumptions. Average trip spend by conference delegates based on Jersey Tourism Board 2004 statistics. Note – these are comparable to British Tourist Authority guidance. Average per trip expenditure has been used instead of per day.	£9,284,700
Event spectator spend	Assumes minimal spend of £3 by Jersey residents event visitors (90% of event visitors). Assumes £100 average trip spend by non-resident event visitors (10% of event visitors).	£569,213
Conference and event organiser spend (in addition to personal spend above)	Conservative spend assumption of £1000 per conference/ event used due to limited supporting information available.	£141,000
Centre's purchases on goods and services within the local economy	Conservative spend assumption of 25% of centre expenditure (base level of £700,000 not including staffing costs) due to limited supporting information available.	£175,000
Job creation	Taken from PMP business plan in Section 5	31 FTE permanent jobs 10 FTE casual staff per event
Business development benefits	This potential impact cannot be quantified.	-
Increased investment in the surrounding area	It is not possible to estimate this potential impact. However, a nominal level of investment can be included for EIA estimate purposes. We would recommend a nominal investment of £1,000,000 over 5 years.	£200,000
Opportunities for development of specialised services	This potential impact cannot be quantified.	-
Enhanced networking/ new business opportunities	This potential impact cannot be quantified.	-
TOTAL quantifiable impact		£10,369,913 (plus 41 FTE jobs)

6.16 As Table 6.2 demonstrates, the total economic impact per annum of the proposed new conference+events venue, based on the assumptions summarised above and detailed in Appendix C, is circa £10 million. Additional economic impacts which it has not been possible to quantify include:

- FTE jobs – findings indicate 41 FTE
- increased business expertise/ improved company operating standards
- increased investment in the surrounding area
- opportunities for development of specialised services
- enhanced networking/ new business opportunities
- tax revenue.

Factors affecting economic impacts

6.17 Research studies on conference centres in the UK have noted a perception among local businesses that the proximity and accessibility of conference+events venues and their linked accommodation to shops, restaurants and other places to spend money, has a significant affect on the propensity of visitors to spend in the local economy.

6.18 Where studies have been undertaken into the relocation of venues to out of town locations, the perception of local businesses has been that the impact on local trade would be very damaging.

6.19 This will need to be taken into consideration in selecting the preferred site for the proposed development.

Economic impact examples

6.20 The EIA information available for other conference and event venues within the UK is limited. Where it is available it is typically restricted to specific types of economic impact, rather than providing an overview of the range of impacts identified within the above review. Example EIA information is provided below.

Visitor, organiser and exhibitor spend

6.21 Visitor, organiser and exhibitor spend for a selection of conference centres, calculated as the total personal and business spend by visitors, organisers and exhibitors from outside each respective city, carried out in 2002, revealed the following economic impacts:

Table 6.3 Conference centre visitor, organiser and exhibitor spend

Venue	Visitor capacity/ floorspace	Visitor no.s per year	Economic impact
Brighton Centre	5,890 theatre style in 4 halls	-	£50 million
Blackpool (Winter Gardens)	8,000	250,000 visitors (£154 in local expenditure per visitor per day)	£50 million
Glasgow (SECC)	-	1.3 million	£85 million
Edinburgh International Conference Centre	-	132,182 confere ce centre delegate days in 2002	£19.3 million
International Congress Centrum, Berlin	-	-	£38m to £44m
All facilities in Montpelier (inc Le Corum & International Exhibition Centre)	56,000 sqm	754,000 delegate days	£66m
Torquay (Riviera Centre)	1,500	35,000-40,000 sleeper nights	£10 million
New Jersey Centre	1,500	71,850	£10 million

Note - Please treat these figures with caution as they may not be directly comparable.

- 6.22 As the above review demonstrates, the venue most similar to Jersey in terms of visitor, organiser and exhibitor spend is the Torquay Riviera Centre. This facility is of a comparable size and facility mix to the proposed Jersey facility.
- 6.23 Research has shown that businesses in those towns and cities with conference venues recognise the impact of these centres on their success. Those sectors benefiting the most have been identified as hotels, bars, pubs and restaurants. Indeed, the recent Brighton economic impact assessment estimated that the city's hotels would suffer a 15-25% loss in revenue if the Brighton Centre closed.

Job creation

- 6.24 The following table demonstrates the job creation impact of the Brighton Centre, from a study undertaken in late 2002, compared to the likely impacts of a new centre in Jersey.

Table 6.4 Job creation comparators

Venue	Direct FTE employment	Indirect job creation (goods and services)	Indirect job creation (visitor spend)	Induced (multiplier effect in local economy)	Total
Brighton Centre	76	5	767	128	977
Jersey Conference+events venue	41	Not calculated	Not calculated	Not calculated	41 (direct only)

- 6.25 Clearly, if the indirect and induced job creation of a new centre in Jersey reflects a similar multiplier to that of Brighton, the total job creation impact will be significantly greater than the current 41 FTE jobs assumption.

Summary

- 6.26 The above economic impact examples review demonstrates that modern, high quality conference and event facilities with appropriate infrastructure can bring significant economic value, and benefits are shared across the local economy.
- 6.27 The EIA modelling process has demonstrated that subject to the provision of similarly high quality facilities, Jersey also has the potential to achieve significant economic benefits.

2. Tourism market development

- 6.28 As a small, independent island, tourism plays a central role in generating income for the Jersey economy and there are limited other economic choices. Unfortunately, whilst tourism in the rest of the world is expanding, in Jersey it is on the decline and initiatives to reverse this trend need to be identified.
- 6.29 In the five years since 1999, the total number of visitors to the island has fallen by 19% and staying leisure visitors have fallen by 26%. The average length of stay for staying leisure visitors has fallen from 5.5 to 5.0 nights. Furthermore, Jersey has lost 27% of its accommodation capacity and Jersey's share of the UK outbound holiday market has fallen from 1.2% to 0.9%.
- 6.30 There is broad agreement within the industry that conference venue development can support expansion of a destination's overall tourism market and regeneration of resorts. Conference tourism helps to address seasonality targets, with less demand in the summer and more demand in the shoulder months. It also helps to counter the shift in holiday behaviour where short, weekend breaks are replacing the longer, and weekday breaks, as high quality modern venues are able to take up some of the slack in mid-week trade.
- 6.31 Jersey Tourism Board's Strategy for revitalising tourism in Jersey recognises the potential benefits of conference centre development. It promotes a market shift towards more niche and special interest markets including business and conference tourism and reinforces the need for a modern, purpose-built conference and entertainment complex.
- 6.32 The potential conference visitor tourism impact on the Jersey economy has been assessed earlier in this Section. Our assessment indicates that conference visitor spend alone could potentially exceed £9 million annually.
- 6.33 However, we also believe that a new conference+events venue in Jersey will also have positive impacts on the broader tourism market in Jersey.
- 6.34 Conference centre development can help to support broader tourism market development in the following ways:
- **reputation and perception** - staging successful events and conferences can contribute to the positive image, reputation and perception of a destination. A modern, high quality, successful conference+events venue in Jersey could therefore help attract increased numbers of visitors to Jersey

SECTION 6 – IMPACT ASSESSMENT

- **accompanying visitors** – conference visitors often bring partners and children and extend their stay. These visitors do not visit the conference+events venue but do undertake additional spending within the local economy. The BTA recommended assumption is that an average of 15% of conference attendees have an accompanying guest. Guest spend levels are lower than conference visitors, as many of the costs of their stay (including accommodation) are included within the accompanying conference visitors spending
- **return visits by delegates** – return visits by delegates, resulting from positive experiences and perceptions of a conference destination can have a significant impact on visitor levels within the area of a conference+events venue. Conference Delegate and Expenditure Research 1998, found that 39% of conference delegates indicated that they would be likely to return to their business conference destination for a holiday, although not robust statistics are available on actual return levels
- **increased marketing of destination** – modern, high quality conference venues are typically supported by robust marketing campaigns. Whilst focussed on market decision makers, these campaigns help to support the broader marketing activities of a destination.

Tourism market development - spreadsheet model

6.35 Whilst these impacts are difficult to quantify, where possible we have aimed to include them within the impact assessment spreadsheet model in Appendix C. The findings can be summarised as shown in Table 6.5:

Table 6.5 Tourism market development impact assessment

Tourism impact	Key assumptions	Impact per annum (£)
Reputation and perception	This potential impact cannot be quantified	-
Accompanying visitors (conference market only)	15% of delegates are accompanied for all, or most, of a conference by one guest. Additional spending is based on BTA guidance.	£132,120
Return visits by delegates	Conservative assumption that 5% of conference delegates per annum return to Jersey with one additional visitor. Average spend is £283 per person (based on Jersey Tourism Board ave. tourist spend statistics). Assumes that these visitors would not have visited Jersey otherwise.	£534,870
Increased marketing of Jersey	This potential impact cannot be quantified	-
TOTAL quantifiable impact		£666,990

6.36 As Table 6.5 demonstrates, the total quantifiable tourism market development impact per annum of the proposed new conference+events venue, based on the conservative assumptions summarised above and detailed in Appendix C, is circa £650,000. Additional tourism market impacts which it has not been possible to quantify, will result from:

- improved reputation and perception of Jersey
- increased marketing of Jersey.

6.37 We believe that the tourism market development impact of a new conference+events venue could potentially be significantly greater than indicated above. However, there is limited comparator information available and it is therefore recommended that conservative assumptions be used.

Tourism impact examples

6.38 As noted above, there is limited detailed information available on the general tourism market development impact of other conference venues, as the majority of research focuses on development of the conference tourism market.

6.39 However, there is general agreement across the industry that the marketing and brand development that successful conference and event venues must undertake, has a positive impact on general tourism development.

6.40 Where research has been undertaken, the results have been very encouraging. As noted above, 'Conference Delegate and Expenditure Research 1998', found that 39% of conference delegates indicated that they would be likely to return to their business conference destination for a holiday.

3. Business and meetings market development

6.41 In 2002 the business visitor market accounted for 70,100 visitors to Jersey per annum and on-island expenditure of £20 million, with visitors staying an average of 2.3 nights (Jersey Tourism Annual Report, 2003).

6.42 Although limited research has been undertaken, it is believed that conference venue development can benefit the broader business and meetings market within a destination.

6.43 Factors contributing to business and meeting market development, as a result of conference and event market activity, include:

- **improved reputation and perception of a destination** – as noted earlier in this section, staging successful events and conferences can contribute to the positive image, reputation and perception of a destination. A modern, high quality, successful conference+events venue in Jersey could therefore help attract increased numbers of business and meeting market visitors to Jersey
- **meetings linked to conference visits** – conference visitors often choose to combine their visit to a destination with other business and meetings, often extending their trip to include this activity. For example, conference visitors to Jersey may choose to undertake business/ hold meetings with other conference visitors during their trip, or may use the opportunity to meet business contacts in Jersey

- **opportunities resulting from networking/ identification of opportunities** – as noted earlier in this section, a new conference centre will bring senior professionals from a variety of industries to Jersey and expose them to new business opportunities on the island. Likewise, their presence will also enable Jersey based companies to identify business opportunities and undertake greater networking. This activity will help to expand the business and meeting market in Jersey.

Business and meeting market development - spreadsheet model

- 6.44 It is not possible to quantify these potential business and meeting market development indirect impacts.
- 6.45 Factors which may impact on the potential of a new conference+events venue to impact on this market include:
- breadth of marketing activity for the conference centre – will marketing be solely targeted at conference organisers or will it be extended to include the broader business community?
 - conference delegate information – information on the broader business and meeting market opportunities in Jersey could be issued to conference delegates and information on Jersey based business support services provided, to encourage conference delegates to establish links with local companies
 - the new conference+events venues could include facilities, such as business centres, to facilitate successful business activity during conferences.

Impact examples

- 6.46 There is limited comparator information available on the business and meeting market development impact of conference venues, as the majority of research focuses on development of the conference tourism market. However, feedback from conference cities and venue operators indicates positive links between the conference, business and meetings markets.

4. Social impacts

- 6.47 The sites currently being considered for a new conference+events venue in Jersey are well known and either used to, or currently, house key community sports and leisure facilities.
- 6.48 The Queens Hall Rotunda is currently a sports hall within the Fort Regent Leisure Centre, used for a variety of sporting and other uses. The swimming pool site currently houses a redundant swimming centre, which was closed in 2004. Alternative sites being considered include sites within central St Helier, which are well known by Jersey residents.
- 6.49 Any new conference+events venue development on one of these sites, will therefore have impacts on the local community, including:

- **displacement of sports hall users** – if Queens Hall Rotunda is developed, the current sports hall users will need to be relocated to alternative facilities. Feedback from ESC indicates that daytime use of this facility could be accommodated within Gloucester Hall, which could potentially be returned to full time sports use, whilst some of the current evening use could be relocated to other sports facilities within Jersey. Clearly, these relocations will need to be treated sensitively and the needs of each user group addressed in a manner which benefits all the parties involved
- **improvements in range of publicly accessible events** – Jersey residents should benefit from an increased range of sporting, concert and other events as well as conferences in Jersey
- **improvements to selected development site** – the current swimming pool building on the Fort Regent site is now redundant and deteriorating. The design of this building is not in keeping with the heritage of the site, or the highly visible position it occupies. The demolition and replacement of this building with a new, sensitively designed facility, would therefore improve the aesthetics of the site and benefit the neighbouring community
- **disruption during development phase** – due to the central locations of each of the proposed sites, the development of a new conference centre is likely to cause some disruption, such as works traffic and site boundaries which encroach on adjacent facilities, although this should be limited.

Social impacts - spreadsheet model

6.50 It is not possible to quantify these potential social impacts of a new conference+events venue at this stage, although the following potential costs would need to be taken into consideration:

Table 6.6 Potential social impact cost items

Social impact	Potential cost items
Displacement of sports hall users	Compensation for relocation to alternative venues or subsidies to match current venue hire rates.
Disruption during development phase	Impact on income levels (activity sessions, events, conferences, car parking, catering) at Fort Regent Leisure Centre if the Queens Hall Rotunda, swimming pool or Sea Cadets sites are developed.

Social impact examples

6.51 The social impacts of conference centre developments are project specific. Factors typically affecting the social impact of projects include:

- development site location, including proximity to residential housing
- current public access to/ usage levels of existing facilities on development sites, as well as the nature of the communities association with the facility/ site.

5. Opportunity costs

- 6.52 As major developments, requiring significant capital and revenue, as well as large development sites, there are usually opportunity costs associated with the development of conference and event centres.
- 6.53 The major opportunity costs which could result from the development of a conference+events venue in Jersey include:
- **alternative developments** – there are opportunity costs associated with the development of the conference+events venue on all of the proposed sites, for example:
 - **Queens Hall Rotunda** – if this site is developed, it could potentially moribund the site and limit future development options for the overall Fort Regent site. Opportunity costs could therefore include any capital that could be generated through land sales/ long lease to the private sector, or the broader benefits associated with alternative development options (whether public or private) on the site
 - **swimming pool site** – this has been identified as a prime development site by the States property department. Development of the conference+events venue on this site will therefore prevent it from being sold for private sector development. The opportunity cost would therefore include loss of potential capital receipts and loss of benefit associated with any new development on the site
 - **alternative sites** – the opportunity costs will depend upon the site selected.

Key issues affecting the opportunity cost of developing on these sites include:

- whether sites are in States ownership
 - development potential of the sites – what uses would be permitted on the site? This will affect the value of the site for development
 - market interest in developing on the sites
 - nature of alternative developments on the site and economic/ regeneration/ community benefits which they will bring to the island
 - whether alternative development options for the sites could be accommodated on other sites
 - whether alternative developments can actually be realised – in addition to the above issues, public and political support for alternative developments will also be important.
- **capital finance from States** – as demonstrated in Section 3, the capital costs associated with each of the development sites is significant, ranging from £9,400,000 for the Queens Hall Rotunda development to £24,000,000 on a greenfield development site. This capital could potentially be redirected to alternative States projects/ budgets and therefore represents an opportunity cost.

However, the opportunity cost of the capital investment should not be considered in isolation. It will be important to consider how this capital expenditure and subsequent economic and other impacts compare to other development projects currently being considered, particularly those aimed at development of the Jersey tourism market or local economy

- **ongoing revenue subsidy from States** – as noted earlier in the report, only a minority of conference centres worldwide meet their operating costs and ongoing revenue subsidy is typically required. The business plan in Section 5 reinforces the need for an operational subsidy at any new conference+events venue development in Jersey, with estimates ranging from £751,000 to £825,000 per annum in Year 3 depending upon the development options pursued.

Opportunity costs - spreadsheet model

- 6.54 Whilst these opportunity costs are difficult to quantify, where possible we have aimed to include them within the impact assessment spreadsheet model in Appendix C. The findings can be summarised as shown in Table 6.7 on the following page.

Table 6.7 Opportunity cost impact assessment

Opportunity costs impacts	Key assumptions	Impact (£)		
		1. Queens Hall	2. Swim pool	3. Other
Alternative developments	<p>In the absence of information on the alternative options for the development sites, detailed site valuations or market testing with private sector developers, to test the issues identified above, it is not possible to quantify the opportunity cost of conference and event centre development on each of the sites.</p> <p>However, we can assume that if private sector development were permitted on either the swimming pool or Fort Regent site, they could generate significant capital receipts.</p>	Potential for significant capital receipts	Potential for significant capital receipts	Unknown
Capital finance from States (project lifetime)	<p>Taken from Davis Langdon order of costs in Section 3.</p> <p>The total capital costs will be even higher if financed through borrowing due to the financing costs.</p>	£9.4m	£22.1m	£22 +m
Ongoing revenue subsidy from States (per annum)	<p>The business plan in Section 5 reinforces the need for a subsidy at any new conference+events venue development in Jersey. For impact assessment purposes we have used Year 3 subsidy levels.</p>	£825,000 per annum	£751,000 per annum	£751,000 per annum

6.55 As Table 6.7 illustrates, the opportunity cost associated with each of the proposed development sites is potentially significant. Furthermore, this review only includes quantifiable opportunity costs and excludes broader opportunity costs associated with alternative development options such as regeneration, community and economic benefits.

6.56 However, the opportunity costs associated with each of the development sites should not be considered in isolation. It will be important to compare the opportunity costs of the conference and event centre proposals on each of the sites with other development projects currently being considered, particularly those aimed at development of the Jersey tourism market or local economy

- 6.57 In the absence of alternative development options information, it has not been possible to undertake this comparison as part of the impact assessment process.

Opportunity cost impact examples

- 6.58 The opportunity costs of conference centre developments are project specific and therefore comparison against other development projects is not appropriate.

Impact summary

- 6.59 As this impact assessment review has demonstrated, the potential impacts of a new conference+events venue in Jersey are wide ranging.
- 6.60 In deciding whether to proceed with the project, and which development option to progress, the full range of impacts should be taken into account.
- 6.61 Table 6.7 provides a summary of all the impacts included within the impact assessment spreadsheet model in Appendix C.
- 6.62 THIS INFORMATION SHOULD BE USED CAUTION AND ONLY USED WITH REFERENCE TO THE ASSUMPTIONS DETAILED IN THIS SECTION AND APPENDIX C.

Table 6.7 Impact assessment spreadsheet model summary

Impacts	Impact (£)		
	1. Queens Hall	2. Swim pool	3. Other
1. Economic impact			
Conference delegate spend	£9,284,700		
Event spectator spend	£569,213		
Conference and event organiser spend (in addition to personal spend above)	£141,000		
Centre's purchases on goods and services within the local economy	£175,000		
Job creation	31 FTE permanent jobs 10 FTE casual staff per event		
Business development benefits	Not quantified		
Increased investment in the surrounding area	£200,000		
Opportunities for development of specialised services	Not quantified		
Enhanced networking/ new business opportunities	Not quantified		
2. Tourism market development			
Reputation and perception	Not quantified		
Accompanying visitors (conference market only)	£132,120		
Return visits by delegates	£534,870		
Increased marketing of Jersey	Not quantified		
3. Business and meetings market development			
Improved reputation and perception of a destination	Not quantified		
Meetings linked to conference visits	Not quantified		
Opportunities resulting from networking/ identification of opportunities	Not quantified		
4. Social impacts			
Displacement of sports hall users	Not quantified		
Disruption during development phase	Not quantified		
Improvements in range of publicly accessible events	Not quantified		
Improvements to selected development site	Not quantified		
TOTAL quantifiable impact (not including opportunity costs - below)	£11,036,903		

5. Opportunity cost impacts			
Alternative developments	Potential for significant capital receipts	Potential for significant capital receipts	Unknown
Capital finance from States (project lifetime)	£9.4m	£22.1m	£24m
Ongoing revenue subsidy from States (per annum)	£825,000	£751,000	£751,000

Section 7

Overall business case

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Section 8

Recommendations and the way forward

Introduction

- 7.1 Within this section we summarise the overall business case for the development of the proposed conference+events venue, building upon the findings in Sections 3, 4, 5 and 6.
- 7.2 We have calculated the business case as the net impact of the development in the local economy on an annual basis.
- 7.3 **Please note that this is NOT a calculation of the impact on States income on an annual basis.**

Conference and event centre business case

- 7.4 The following table summarises the overall business case for a new conference+events venue in Jersey.

Table 7.1 Business case summary

	Option 1	Option 2.a.	Option 3
Annual subsidy (capital and revenue) based on PPP DBFO structure	£1.71m	£2.79m	£2.79m
Total impact in the local economy (per annum)	£11.04	£11.04	£11.04
Net impact in the local economy (Overall business case)	£9m+	£8m+	£8m+
Opportunity cost	Precludes redevelopment of Fort Regent	Potential for capital receipts from sale of site	Unknown

- 7.5 As Table 7.1 illustrates, the net impact in the local economy is the difference between the total impact in the local economy, calculated as part of the impact assessment process, and the annual States subsidy, based on the subsidy which would be payable if a PPP DBFO development route were pursued.

- 7.6 The resultant net impact is £8million plus for development Option 1 and £9million plus for Options 2 and 3.
- 7.7 We believe that the overall impact will be even higher once the broader non-quantifiable impacts, including employment, are taken into account. Furthermore, it is believed that the Options 2 and 3 could potentially attract greater conference and event days to Jersey than are currently included in the conservative assumptions, which would also help to further improve the net impact of the development.

Opportunity costs

- 7.8 It is important in assessing the net impact of any proposed development, to also review any potential opportunity costs and to ensure that they do not outweigh the net benefits of a proposed development for the local economy.
- 7.9 Based on the information available we believe that this could potentially be an issue for Option 1, which could preclude alternative development on what is a significant and important site for the States. However, the swimming pool site, which would be developed in Option 2, is a smaller site, the opportunity cost of which is likely to be limited to a one off capital receipt.

Recommendations and the way forward

- 8.1 It is our professional opinion, from the findings set out in this stage one report, that the development of a major conference+events venue on the Island merits serious consideration by the States.
- 8.2 This consideration should however be from a macro long-term perspective, not a micro short term one. This statement reflects the issues currently facing the Island with respect to the gradual demise of its traditional industries such as agriculture, tourism and possibly to a lesser extent, any threats to the finance sector.
- 8.3 If Jersey does need to find new sustainable opportunities to help rejuvenate the Island's economy and all the related factors that go hand in hand with this rejuvenation (employment, economic and social benefits etc) then one of the options to consider is for the Island to seek to become a major player in the UK (and mainland Europe) conference and event market.
- 8.4 Our business case illustrates that the potential net positive contribution to the local economy is circa £8+ million per annum plus a considerable number of employment opportunities and related social benefits. Following feedback from the Project Team, we plan to investigate in stage two, the actual tax receipts to accrue to the States from this figure.
- 8.5 This impact and the positive beneficial effects on the Island's ailing tourism industry will need to be compared to other economic drivers currently under consideration. Opportunity costs will also need to be factored in to the debate for an objective decision to be made.
- 8.6 Having said that there is a case for serious consideration to be given to the development of a new conference+events centre. **This statement carries a significant number of caveats:**
- this is an Island wide issue impacting on the future economy – the choice of location should not, in our opinion be restricted to just one site ie within Fort Regent
 - to be successful, the venue will have to capture significant market share in the existing market place and in what appears to be an ever-growing market. To do that, the venue will have to be 'purpose built' and offer a 'state of the art' product that is aggressively marketed and managed in the most professional and commercial way possible
 - a compromise 'me-too' product will fail to achieve the economic impact projected above and will require an ever increasing revenue subsidy from the States.
- 8.7 So, whilst the funding of the initial capital cost may (we stress may) be achievable, we do not recommend the Rotunda development option as a first choice. It may be perceived as a possible 'quick win' but in our opinion will fail to capture the market share necessary to be sustainable.

SECTION 8 – RECOMMENDATIONS AND WAY FORWARD

- 8.8 The Rotunda development option is not a purpose built option. It would be a compromise. It is likely in our opinion to fail to excite or attract the conference organiser or the delegate. It will make future longer-term development of the overall Fort difficult if not impossible and will result in some limited displacement of existing Fort users. Naming rights, sponsorship deals and viable interest from operators are also likely to be negligible.
- 8.9 If our report were being prepared at a time when the overall master planning for the Waterfront was being prepared, we would be recommending a location for the conference+events centre adjacent to the proposed four star hotel development.
- 8.10 The synergies are obvious and from our market testing of operators and conference organisers, the combined conference and accommodation offer comes out as a very clear favourite in terms of possible facility mixes.
- 8.11 We are advised that the Waterfront plans are at too advanced a stage for this option to be considered and that this is not a feasible option. This is disappointing but understandable in view of the known complexity of delivering a dynamic Waterfront development within the desired timeframe.
- 8.12 Our second choice site and the one that does appear to have the potential to deliver against a range of objectives are the mothballed swimming pool site and adjacent Sea Cadets site. Both of these are in close proximity to Fort Regent but are not within the actual site footprint of the Fort itself.
- 8.13 The pool and Sea Cadets sites have considerable merits. They would:
- enable a new stand alone purpose built venue
 - have negligible impact on the long term development potential of the Fort
 - have no displacement issues
 - the pool site is currently mothballed and whilst classified as a potential development site, no alternative development opportunities have yet been identified
 - have magnificent views/ aspects overlooking St.Helier and the waterfront. A (revolving) restaurant on the top may also attract investment and operator interest.
- 8.14 There also appears to be sufficient land available by using both the pool and Sea Cadet site footprints to consider a development incorporating hotel type accommodation (most probably three star) as an integral part of the conference venue or alternatively, directly adjacent to it.
- 8.15 This option could attract interest from hotel conference venue operators for whom accommodation on site is an integral part of their business model. Three star type accommodation would also complement the four star Waterfront hotel development, whilst at the same time enabling existing hoteliers in St Helier to share in the business opportunities.

SECTION 8 – RECOMMENDATIONS AND WAY FORWARD

- 8.16 This purpose built option would be much more attractive to the market than the Rotunda option. We now need to test it with the conference organisers, the potential development partners and the operators (conference, accommodation and hospitality). Furthermore, it would not (as in the case of the Rotunda model) preclude naming rights and various other commercial opportunities referred to in earlier sections of our report and it would not disrupt the advanced plans for the Waterfront.
- 8.17 Our recommendations with respect to the procurement and related operational options (set out in this report and reported on at the Project Team and Project Steering Group meetings on 5 November) are for the hybrid PPP model to be developed and market tested.
- 8.18 Our stage two work, as agreed with the Project Group on 5 November 2004, and detailed in our proposal of 11 November 2004, will incorporate the following:
- visual layouts to clarify that both the conference+events venue and accommodation/ restaurant can fit on the sites in question (plus the quantum of accommodation and facility mix)
 - the indicative capital costs for this option (with assumptions)
 - creation of a marketing/ development brief
 - market testing to ascertain the level of private sector interest in this development (investment, operation etc re the proposed DBFO route) including site visits if required
 - market test the Rotunda option as a 'back stop' position
 - a revised financial appraisal based upon the hybrid PPP model including revisiting of the revenue and utilisation assumptions, detailed time plan development with capital and revenue cash flows, sensitivity analysis and investigation of cross-subsidy opportunities
 - a planning perspective following liaison with the respective States Departments/Committees
 - regular liaison with the Project Team and presentation to the project Steering Group in late January 2005.
- 8.19 In addition to the work detailed above, the following issues, identified by the Project Team at the review meeting on 5 November 2004, will also be addressed in the next stage of the project:
- economic impact assessment development – ongoing development of the EIA work will be undertaken in relation to the preferred development option including:
 - an assessment of the direct profit to the exchequer resulting from spend by conference visitors in the local economy eg taxable elements
 - sensitivity analysis
 - a review of potential multiplier effects in the local economy

SECTION 8 – RECOMMENDATIONS AND WAY FORWARD

- an assessment of additionality - taking into account deadweight and displacement.
- other key items identified by the project team following their review of the final report.

Appendices



Appendix A

Fort Regent conference+events venue

Appendix A - Outline Schedules of Accommodation

Option 1 - Queens Hall Rotunda

Entrance Level

Entrance area	350 m ²
Conference Reception and Cloakrooms	90 m ²
Toilets	60 m ²
Queens Hall Refurbishment	1520 m ²
Reception area to Queens Hall and Sports Hall	90 m ²

Rampart Level

Banqueting Hall	190 m ²
Toilets	55 m ²
Stores	30 m ²
5 No. Breakout Rooms	65 m ²
Circulation area	920 m ²

Foyer Level

Bar	470 m ²
Toilets	120 m ²
Resource Room	19 m ²
4 No. Breakout Rooms	50 m ²
Dressing Rooms	26 m ²
Backstage Area	180 m ²
1400 seats Conference Hall	1100 m ²
Circulation area	340 m ²

Conference Rooms Level

2 No. 220 seats Conference Rooms	290 m ²
Press Room	20 m ²
Translation Room	20 m ²
Audiovisual Control room	20 m ²
Lighting Control Room	20m ²
Circulation area	240 m ²
Plant Area	540 m ²

Total **6,825 m²**

Note - Above areas are approximate for sketch design and budget costing only, and do not represent over all building area.



Fort Regent conference+events venue

Appendix A - Outline Schedules of Accommodation

Option 2 - Swimming pool site

Ground Floor

Lobby and Exhibition area	850 m ²
Reception and cloakroom	50 m ²
Shop / Retail	30 m ²
3 No Breakout Rooms	75 m ²
Male Toilets	40 m ²
Female toilets	40 m ²
VIP Room	40 m ²
Store	120 m ²
800 seats Conference Hall	700 m ²
Stair / Lift	20 m ²

First Floor

Restaurant and Café	600 m ²
Admin Suite	50 m ²
Press / Interpretation	20 m ²
Control Room	25 m ²
Projection	10 m ²
Gallery 400 seats	300 m ²
5no Breakout Rooms	125 m ²
Male Toilets	40 m ²
Female toilets	40 m ²
Kitchen	60 m ²
Store	80 m ²
Bar area	50 m ²
Stair / Lift	20 m ²

Second Floor

Conference room 1	180 m ²
Conference Room 2	160 m ²
Circulation	160 m ²
2 No Breakout rooms	50 m ²
Male toilets	25 m ²
Female toilets	25 m ²
Stair / Lift	20 m ²
Plant footprint	200m

Total 4200 m²

Note - Above areas are approximate for sketch design and budget costing only, and do not represent over all building area.



Fort Regent conference+events venue

Appendix A - Outline Schedules of Accommodation

Option 2 sub-option - Sea Cadets Site

Ground Floor

Entrance / Lobby	170 m ²
Reception and cloakroom	30 m ²
Administration Office	20 m ²
7 No Breakout Rooms	115 m ²
Toilets	60 m ²
150 seats Conference Room	115 m ²
160 seats Conference Room	125 m ²
Load point and goods lift	40 m ²
Stair/ Lift	20 m ²
Circulation area	60 m ²

First Floor

670 seats Conference Hall	450 m ²
Backstage	65 m ²
Toilets	60 m ²
Circulation Area	100 m ²
Stair / Lift	20 m ²

Second Floor

400 seats Gallery	265 m ²
Store / Plant	65 m ²
Toilets	60 m ²
Circulation Area	100 m ²
Stair / Lift	20 m²
Translation Room	25 m ²
Control Room	12 m ²

Third Floor

Exhibition Area	280 m ²
Toilets	35 m ²
Restaurant	230 m ²
Food Store	20 m ²
Kitchen	45 m ²
Staff Room	15 m ²
Bar	20 m ²
Café	85 m ²

Total **2727 m²**

Note – Above areas are approximate for sketch design and budget costing only, and do not represent over all building area.





Appendix B

Jersey conference+event venue

Draft Business Plan - Option 1 - Rotunda

Based on standalone Management

Prepared by:

Andy Farr

Date:

01-Nov-04

Checked by:

Helen Robson

Date:

11/11/2004

The financial projections contained in this model rely on information provided by the client and by operators of similar facilities and should be read in conjunction with the stated assumptions. In no way does PMP Consultancy Ltd guarantee or otherwise warrant the achievability of the projections of usage and cashflow as they are predictions of future events. Actual results will be dependant on a number of factors such as the quality of management and market sustainability.

Business Plan Template
Date

Issue 1
26/02/2004

Jersey conference+event venue

SENSITIVITY ANALYSIS

AMENDMENT TO BASE PLAN	VARIANCE	YEAR 2			NOTES
		INCOME (£)	EXPENDITURE (£)	NET POSITION (£)	
Base Plan		797,466	1,595,643	-798,177	
Increased Income	10%	877,213	1,595,643	-718,430	
Reduced Income	10%	717,720	1,595,643	-877,924	
Additional Commercial Conferences	5	914,966	1,595,643	-680,677	
Reduced Commercial Conferences	5	679,966	1,595,643	-915,677	
Increased Entertainment events	5	833,716	1,595,643	-761,927	
Reduced Entertainment events	5	761,216	1,595,643	-834,427	
Increased Expenditure	10%	797,466	1,755,208	-957,741	
Reduced Expenditure	10%	797,466	1,436,079	-638,613	
Increased Staff Costs	10%	797,466	1,681,206	-883,739	
Reduced Staff Costs	10%	797,466	1,510,081	-712,615	

Project:

Income and Usage
Projections

Jersey conference+event venue

Year 0 Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7 Year 8 Year 9 Year 10

Projected Annual Inflation on Prices:

Advertising Income	0.00%
Entertainments	0.00%
Exhibitions	0.00%
Association Conference Hire	0.00%
Commercial Conference Hire	0.00%
Catering income	0.00%
Commercial events	0.00%
Other income	0.00%

Wage inflation	0.00%
General cost inflation	0.00%

Annual Growth in Usage:

Advertising Income	-10.00%	5.00%	5.00%	5.00%	3.00%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Entertainments	-10.00%	5.00%	5.00%	5.00%	3.00%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Exhibitions	-10.00%	5.00%	5.00%	5.00%	3.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Association Conference Hire	-10.00%	5.00%	5.00%	5.00%	3.00%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Commercial Conference Hire	-10.00%	5.00%	5.00%	5.00%	3.00%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Catering income	-10.00%	5.00%	5.00%	5.00%	3.00%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Commercial events	-10.00%	5.00%	5.00%	5.00%	3.00%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Income per backing spreadsheets

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	£	£	£	£	£	£	£	£	£	£	£
Advertising Income	137,000	137,000	137,000	137,000	137,000	137,000	137,000	137,000	137,000	137,000	137,000
Entertainments	211,000	211,000	211,000	211,000	211,000	211,000	211,000	211,000	211,000	211,000	211,000
Exhibitions	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Association Conference Hire	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Commercial Conference Hire	57,500	57,500	57,500	57,500	57,500	57,500	57,500	57,500	57,500	57,500	57,500
Catering income	129,113	129,113	129,113	129,113	129,113	129,113	129,113	129,113	129,113	129,113	129,113
Commercial events	40,750	40,750	40,750	40,750	40,750	40,750	40,750	40,750	40,750	40,750	40,750
Other income	185,140	185,140	185,140	185,140	185,140	185,140	185,140	185,140	185,140	185,140	185,140
Total Income	865,503	865,503	865,503	865,503	865,503	865,503	865,503	865,503	865,503	865,503	865,503

Project:	Income and Usage Projections										
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	£	£	£	£	£	£	£	£	£	£	£
Income uprated for Growth											
Advertising Income	137,000	123,300	129,465	135,938	140,016	141,417	141,417	141,417	141,417	141,417	141,417
Entertainments	211,000	189,900	199,395	209,365	215,646	219,959	219,959	219,959	219,959	219,959	219,959
Exhibitions	15,000	13,500	14,175	14,884	15,330	15,330	15,330	15,330	15,330	15,330	15,330
Association Conference Hire	90,000	81,000	85,050	89,303	91,982	93,821	93,821	93,821	93,821	93,821	93,821
Commercial Conference Hire	57,500	51,750	54,338	57,054	58,766	59,941	59,941	59,941	59,941	59,941	59,941
Catering income	129,113	116,201	122,011	128,112	131,955	134,594	134,594	134,594	134,594	134,594	134,594
Commercial events	40,750	36,675	38,509	40,434	41,647	42,480	42,480	42,480	42,480	42,480	42,480
Other income	185,140	185,140	185,140	185,140	185,140	185,140	185,140	185,140	185,140	185,140	185,140
Total Income	865,503	797,466	828,083	860,230	880,482	892,682	892,682	892,682	892,682	892,682	892,682

Project:	Income and Usage Projections										
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	£	£	£	£	£	£	£	£	£	£	£
Income uprated for price increases & growth											
Advertising Income	137,000	123,300	129,465	135,938	140,016	141,417	141,417	141,417	141,417	141,417	141,417
Entertainments	211,000	189,900	199,395	209,365	215,646	219,959	219,959	219,959	219,959	219,959	219,959
Exhibitions	15,000	13,500	14,175	14,884	15,330	15,330	15,330	15,330	15,330	15,330	15,330
Association Conference Hire	90,000	81,000	85,050	89,303	91,982	93,821	93,821	93,821	93,821	93,821	93,821
Commercial Conference Hire	57,500	51,750	54,338	57,054	58,766	59,941	59,941	59,941	59,941	59,941	59,941
Catering income	129,113	116,201	122,011	128,112	131,955	134,594	134,594	134,594	134,594	134,594	134,594
Commercial events	40,750	36,675	38,509	40,434	41,647	42,480	42,480	42,480	42,480	42,480	42,480
Other income	185,140	185,140	185,140	185,140	185,140	185,140	185,140	185,140	185,140	185,140	185,140
Total Income	865,503	797,466	828,083	860,230	880,482	892,682	892,682	892,682	892,682	892,682	892,682

Project:	Income and Usage Projections										
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	£	£	£	£	£	£	£	£	£	£	£
Income summary:											
Advertising Income	137,000	123,300	129,465	135,938	140,016	141,417	141,417	141,417	141,417	141,417	141,417
Entertainments	211,000	189,900	199,395	209,365	215,646	219,959	219,959	219,959	219,959	219,959	219,959
Exhibitions	15,000	13,500	14,175	14,884	15,330	15,330	15,330	15,330	15,330	15,330	15,330
Association Conference Hire	90,000	81,000	85,050	89,303	91,982	93,821	93,821	93,821	93,821	93,821	93,821
Commercial Conference Hire	57,500	51,750	54,338	57,054	58,766	59,941	59,941	59,941	59,941	59,941	59,941
Catering income	129,113	116,201	122,011	128,112	131,955	134,594	134,594	134,594	134,594	134,594	134,594
Commercial events	40,750	36,675	38,509	40,434	41,647	42,480	42,480	42,480	42,480	42,480	42,480
Other income	185,140	185,140	185,140	185,140	185,140	185,140	185,140	185,140	185,140	185,140	185,140
Total Income	865,503	797,466	828,083	860,230	880,482	892,682	892,682	892,682	892,682	892,682	892,682

Project: Income and Usage Projections

Expenditure:	696,130	696,130	696,130	696,130	696,130	696,130	696,130	696,130	696,130	696,130	696,130	696,130	696,130
Staff costs - non-casual	696,130	696,130	696,130	696,130	696,130	696,130	696,130	696,130	696,130	696,130	696,130	696,130	696,130
Staff costs - casual	173,101	159,493	165,617	172,046	176,096	178,536	178,536	178,536	178,536	178,536	178,536	178,536	178,536
Utilities costs	71,700	71,700	71,700	71,700	71,700	71,700	71,700	71,700	71,700	71,700	71,700	71,700	71,700
NNDR	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200
Maintenance costs	212,700	212,700	212,700	212,700	212,700	212,700	212,700	212,700	212,700	212,700	212,700	212,700	212,700
Transport	8,655	8,655	8,655	8,655	8,655	8,655	8,655	8,655	8,655	8,655	8,655	8,655	8,655
Advertising costs - non-staff	146,000	146,000	146,000	146,000	146,000	146,000	146,000	146,000	146,000	146,000	146,000	146,000	146,000
Cleaning & Waste disposal	34,620	31,899	33,123	34,409	35,219	35,707	35,707	35,707	35,707	35,707	35,707	35,707	35,707
Insurances	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000
ICT costs	43,275	43,275	43,275	43,275	43,275	43,275	43,275	43,275	43,275	43,275	43,275	43,275	43,275
Misc. supplies & services	43,275	43,275	43,275	43,275	43,275	43,275	43,275	43,275	43,275	43,275	43,275	43,275	43,275
Cost of sales (F&B contracted out)	0	0	0	0	0	0	0	0	0	0	0	0	0
Administration costs	34,620	34,620	34,620	34,620	34,620	34,620	34,620	34,620	34,620	34,620	34,620	34,620	34,620
Head office costs and profit	103,860	95,696	99,370	103,228	105,658	107,122	107,122	107,122	107,122	107,122	107,122	107,122	107,122
Total Expenditure	1,620,136	1,595,643	1,606,665	1,618,238	1,625,529	1,629,921	1,629,921	1,629,921	1,629,921	1,629,921	1,629,921	1,629,921	1,629,921
Net Operating Surplus/(Cost)	-754,634	-798,177	-778,583	-758,008	-745,047	-737,239	-737,239	-737,239	-737,239	-737,239	-737,239	-737,239	-737,239

Number of event days 209

Project:

Income and Usage
Projections

Jersey conference+event venue

Advertising Income

	£
Total income	137000
Advertising expenditure	
Advertising (non staff) **	116000
Publicity & marketing *	30000
Total	146000

** - specific advertising for events, based on £1,500 per entertainment event and £500 per Fair and Exhibition

* - general marketing budget for the centre

Assumptions

Advertising for conferences and entertainments will be covered by the promoters
Advertising for other events will be partially covered by the organisers, but will also require input from the centre

Project:

Income and Usage
Projections

Jersey conference+event venue

Entertainments income

Facility	Number of days per event	Cost per day £	Number of events	Projected Income per Year £	Average Number of visitors per event	Total Number of visitors
sports events	1	3,000.00	10	30,000	600	6000
community events	1	1,250.00	16	20,000	350	5600
concerts	1	3,500.00	46	161,000	750	34500
other	0	0.00	0	0	0	0
TOTAL INCOME FOR YEAR			<u>72</u>	<u>211,000</u>		<u>46100</u>

Project:

Income and Usage
Projections

Jersey conference+event venue

Exhibitions income

Facility	Number of days per event	Cost per day £	Number of events	Projected Income per Year £	Average Number of visitors per event	Total Number of visitors
Fairs	1	1,250.00	12	15,000	350	4200
TOTAL INCOME FOR YEAR				15,000	Total visitors	4200

Assumptions:

1000 sq.m. of exhibition space is provided

Fairs include computer fairs / wedding fairs etc.

Project:

Income and Usage
Sheets

Jersey conference+event venue

Association Conference Hire

Facility	Number of days per event	Cost per day £	Number of events	Projected Income per Year £	Average Number of visitors per event	Total Number of visitors
500-750 delegates	3	1,800.00	7	37,800	600	4200
751-1000 delegates	3	1,800.00	7	37,800	800	5600
1001+ delegates	4	1,800.00	2	14,400	1250	2500
TOTAL INCOME FOR YEAR			16	90,000	Total delegates	12,300

Event days

50

Based on Tourism Company Report

Assume that 75% of the cost for each conference will need to be provided via the subvention budget.
This subvention will include subsidies towards flights / transport etc, in order to encourage business to Jersey.

Project:

Income and Usage
Projections

Jersey conference+event venue

Commercial Conference Hire

Facility	Number of days per event	Cost per day	Number of events	Projected Income per Year	Average Number of visitors per event	Total Number of visitors
500-750 delegates	2	2,500.00	7	35,000	600	4200
751-1000 delegates	3	2,500.00	3	22,500	800	2400
1001+ delegates	4	2,500.00	0	0	1250	0
TOTAL INCOME FOR YEAR			10	57,500	Total delegates	6,600

Event days

23

Based on Tourism Company Report

Cost per day based on £20 to £25 per delegate per event

Project:

Income and Usage
Projections

Jersey conference+event venue

Bars and Catering Income:

	Entertainment	Exhibitions	Conferences	Association	Commercial
			Conferences	Conferences	Events
Throughput	46,100	4,200	6,600	12,300	2,650
Amount Spent per Visit/Person	£5.00	£2.50	£35.00	£25.00	£5.00
					71,850

Number of Functions in Year
Average Income per Function

	0	0	5	2	8
	£100.00	£100.00	£5,000.00	£1,500.00	£5,000.00

	£	£	£	£	£
Delegates / visitors	230,500	10,500	231,000	307,500	13,250
Functions	0	0	25,000	3,000	40,000
Total	230,500	10,500	256,000	310,500	53,250
Total income					860,750
Share to venue management					129,113

Assumptions:

Catering / banqueting space of 1000sq.m.

Catering will be contracted out, with a 15% income share to the venue management

Project:

Income and Usage
Projections

Jersey conference+event venue

Commercial events

Facility	Number of days per event	Cost per day £	Number of events	Projected Income per Year £	Average Number of visitors per event	Total Number of visitors
Trade exhibitions	5	1,500.00	4	30,000	450	1800
Awards	1.5	1,500.00	2	4,500	300	600
Meetings	1	250.00	25	6,250	10	250
TOTAL INCOME FOR YEAR				40,750	Total visitors	2650

Event days (excl. meetings) 23

Jersey conference+event venue

Other income	
Booking commission	89,813 (based on 25% of guests utilising local accommodation with a £5 central booking fee)
Car Parking	66,188 (based on 50% of non-conference guests driving to the centre, with a £2.50 parking fee)
Ticketing commission	29,140 (based on 2% commission on ticket sales for events)
	<u>185,140</u>

Jersey conference+event venue

STAFFING COSTS

PERMANENT ESTABLISHMENT	BASE SALARY (£)	NATIONAL INSURANCE (£)	PENSION COSTS (£)	HOLIDAYS (£)	SICKNESS (£)	TRAINING (£)	TOTAL SALARY (£)	NUMBER OF FULL-TIME EQUIVALENTS	TOTAL COSTS (£)
Operations Director	45,000	4,950	4,500	3,150	1,350	1,350	60,300	1.00	60,300
Finance Manager	30,000	3,300	3,000	2,100	900	900	40,200	1.00	40,200
Admin support / Receptionists	14,000	1,540	1,400	980	420	420	18,760	5.00	93,800
Event Co-ordinators	18,000	1,980	1,800	1,260	540	540	24,120	2.00	48,240
Conference organisers	18,000	1,980	1,800	1,260	540	540	24,120	2.00	48,240
Finance assistant	15,000	1,650	1,500	1,050	450	450	20,100	1.00	20,100
Advertising and Marketing manager	25,000	2,750	2,500	1,750	750	750	33,500	1.00	33,500
Advertising and Marketing assistant	15,000	1,650	1,500	1,050	450	450	20,100	1.00	20,100
Security staff	15,000	1,650	1,500	1,050	450	450	20,100	3.00	60,300
Maintenance Staff	25,000	2,750	2,500	1,750	750	750	33,500	2.00	67,000
Cleaners	10,000	1,100	1,000	700	300	300	13,400	3.00	40,200
Box office staff	12,500	1,375	1,250	875	375	375	16,750	5.00	83,750
Technical staff	15,000	1,650	1,500	1,050	450	450	20,100	4.00	80,400
Other	0	0	0	0	0	0	0	0	0
TOTALS								31.00	696,130

EVENT RELATED STAFFING

VARIABLE STAFFING LEVELS BASED ON NUMBER AND TYPE OF EVENTS

ASSUME 20% OF INCOME REQUIRED TO COVER EVENT RELATED STAFF

Year 1 Income	797,466
event-related staff cost	159,493
@£6 per hour, equates to	26,582 hours
@8 hour shifts, equates to	3,323 days
number of event days	376 (x2 to account for set-up time)
No. of casual staff per event	9

NOTE: no staff costs associated with catering provision, as this will be contracted out.

Jersey conference+event venue

OTHER COSTS

Size of Facility 4780 sq.m.
Capital cost of facility 9,400,000

PREMISES

COSTS	RATE PER SQUARE METRE	TOTAL COST (£)
Utilities	15	71,700
Repairs and Maintenance	15	71,700
Cleaning materials	6	28,680

COSTS	RELATION TO CAPITAL COST	TOTAL COST (£)
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National Non-Domestic Rates	2.15%	5,200 (based on current rates bill at the Fort)
Life-Cycle Costs	1.50%	141,000

ADVERTISING AND MARKETING

COSTS	TOTAL COST (£)
Year 1 Additional Costs	25000

ADMINISTRATION

COSTS	RELATION TO CAPITAL COST	TOTAL COST (£)
Insurance	0.5%	47,000

Jersey conference+event venue

Net Present Value of the option	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	£	£	£	£	£	£	£	£	£	£
Development Cost	- 9,400,000									
Annual position	-798,177	-778,583	-758,008	-745,047	-737,239	-737,239	-737,239	-737,239	-737,239	-737,239
Subvention budget	-60,750	-63,788	-66,977	-68,986	-70,366	-70,366	-70,366	-70,366	-70,366	-70,366
Annual cost to the Council	-10,258,927	-842,370	-824,985	-814,033	-807,605	-807,605	-807,605	-807,605	-807,605	-807,605

Net Present Value @ 3.5% discount rate

-15,901,973

Jersey conference+event venue

Capital modelling

Capital funding routes:

1) *Borrowing by the States of Jersey*

Average cost per £1m of borrowing 68,000 (based on 4.8% interest rate over 25 years)

Cost per annum to borrow £9.4m 639,200

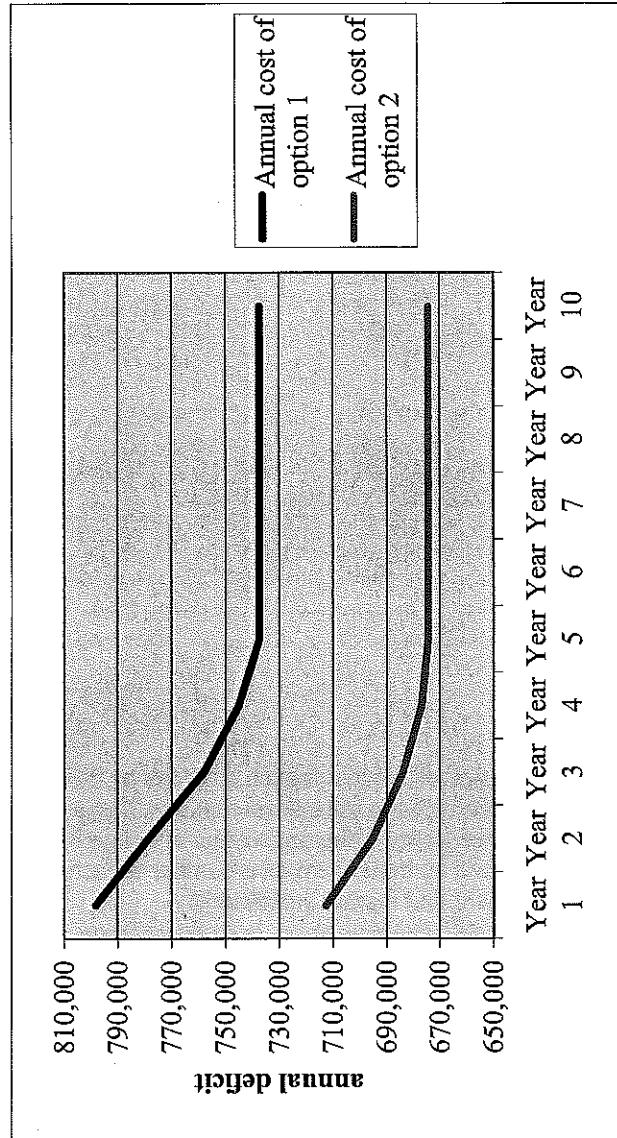
2) *Public Private Partnership*

Cost per annum to borrow £9.4m 970,658 (based on normal PPP terms with 90% debt finance at circa 6.05%, and 10% equity)

Other capital sources:

- Capital receipts from States of Jersey
- Sponsorship - advertising / pouring rights / naming rights

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Annual cost of option 1	798,177	778,583	758,008	745,047	737,239	737,239	737,239	737,239	737,239	737,239
Annual cost of option 2	712,666	695,281	683,980	676,872	674,418	674,418	674,418	674,418	674,418	674,418



Jersey conference+event venue

Draft Business Plan - Option 2 - Swimming Pool

Based on standalone Management

Prepared by:

Date:

Checked by:

Date:

The financial projections contained in this model rely on information provided by the client and by operators of similar facilities and should be read in conjunction with the stated assumptions. In no way does PMP Consultancy Ltd guarantee or otherwise warrant the achievability of the projections of usage and cashflow as they are predictions of future events. Actual results will be dependant on a number of factors such as the quality of management and market sustainability.

Business Plan Template
Date

Issue 1
26/02/2004

Jersey conference+event venue

SENSITIVITY ANALYSIS

AMENDMENT TO BASE PLAN	VARIANCE	YEAR 2			NOTES
		INCOME (£)	EXPENDITURE (£)	NET POSITION (£)	
Base Plan		864,400	1,577,066	-712,666	
Increased Income	10%	950,840	1,577,066	-626,226	
Reduced Income	10%	777,960	1,577,066	-799,106	
Additional Commercial Conferences	5	998,150	1,577,066	-578,916	
Reduced Commercial Conferences	5	730,650	1,577,066	-846,416	
Increased Entertainment events	5	903,150	1,577,066	-673,916	
Reduced Entertainment events	5	825,650	1,577,066	-751,416	
Increased Expenditure	10%	864,400	1,734,773	-870,373	
Reduced Expenditure	10%	864,400	1,419,359	-554,960	
Increased Staff Costs	10%	864,400	1,658,406	-794,006	
Reduced Staff Costs	10%	864,400	1,495,726	-631,326	

Project:

Income and Usage Projections

Jersey conference+event venue

Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7 Year 8 Year 9 Year 10

Projected Annual Inflation on Prices:

Advertising Income	0.00%
Entertainments	0.00%
Exhibitions	0.00%
Association Conference Hire	0.00%
Commercial Conference Hire	0.00%
Catering income	0.00%
Commercial events	0.00%
Other income	0.00%

Wages inflation
General cost inflation

0.00%
0.00%

Annual Growth in Usage:

Advertising Income	-6.00%	4.00%	2.50%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Entertainments	-6.00%	4.00%	2.50%	2.00%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Exhibitions	-6.00%	4.00%	2.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Association Conference Hire	-6.00%	4.00%	2.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Commercial Conference Hire	-6.00%	4.00%	2.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Catering income	-6.00%	4.00%	2.50%	2.00%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Commercial events	-6.00%	4.00%	2.50%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Income per backing spreadsheets

Advertising Income	137,000	137,000	137,000	137,000	137,000	137,000	137,000	137,000	137,000	137,000	137,000	137,000
Entertainments	236,500	236,500	236,500	236,500	236,500	236,500	236,500	236,500	236,500	236,500	236,500	236,500
Exhibitions	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Association Conference Hire	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Commercial Conference Hire	63,250	63,250	63,250	63,250	63,250	63,250	63,250	63,250	63,250	63,250	63,250	63,250
Catering income	138,713	138,713	138,713	138,713	138,713	138,713	138,713	138,713	138,713	138,713	138,713	138,713
Commercial events	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000
Other income	185,285	185,285	185,285	185,285	185,285	185,285	185,285	185,285	185,285	185,285	185,285	185,285
Total Income	907,748	907,748	907,748	907,748	907,748	907,748	907,748	907,748	907,748	907,748	907,748	907,748

Project:

Income and Usage Projections

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	£	£	£	£	£	£	£	£	£	£	£
Income uprated for Growth											
Advertising Income	137,000	128,780	133,931	137,279	140,025	140,025	140,025	140,025	140,025	140,025	140,025
Entertainments	236,500	222,310	231,202	236,982	241,722	244,139	244,139	244,139	244,139	244,139	244,139
Exhibitions	15,000	14,100	14,664	15,031	15,031	15,031	15,031	15,031	15,031	15,031	15,031
Association Conference Hire	90,000	84,600	87,984	90,184	90,184	90,184	90,184	90,184	90,184	90,184	90,184
Commercial Conference Hire	63,250	59,455	61,833	63,379	63,379	63,379	63,379	63,379	63,379	63,379	63,379
Catering income	138,713	130,390	135,605	138,995	141,775	143,193	143,193	143,193	143,193	143,193	143,193
Commercial events	42,000	39,480	41,059	42,086	42,927	42,927	42,927	42,927	42,927	42,927	42,927
Other income	185,285	185,285	185,285	185,285	185,285	185,285	185,285	185,285	185,285	185,285	185,285
Total Income	907,748	864,400	891,564	909,221	920,328	924,163	924,163	924,163	924,163	924,163	924,163
Income uprated for price increases & growth											
Advertising Income	137,000	128,780	133,931	137,279	140,025	140,025	140,025	140,025	140,025	140,025	140,025
Entertainments	236,500	222,310	231,202	236,982	241,722	244,139	244,139	244,139	244,139	244,139	244,139
Exhibitions	15,000	14,100	14,664	15,031	15,031	15,031	15,031	15,031	15,031	15,031	15,031
Association Conference Hire	90,000	84,600	87,984	90,184	90,184	90,184	90,184	90,184	90,184	90,184	90,184
Commercial Conference Hire	63,250	59,455	61,833	63,379	63,379	63,379	63,379	63,379	63,379	63,379	63,379
Catering income	138,713	130,390	135,605	138,995	141,775	143,193	143,193	143,193	143,193	143,193	143,193
Commercial events	42,000	39,480	41,059	42,086	42,927	42,927	42,927	42,927	42,927	42,927	42,927
Other income	185,285	185,285	185,285	185,285	185,285	185,285	185,285	185,285	185,285	185,285	185,285
Total Income	907,748	864,400	891,564	909,221	920,328	924,163	924,163	924,163	924,163	924,163	924,163

Income summary:

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	£	£	£	£	£	£	£	£	£	£	£
Advertising Income	137,000	128,780	133,931	137,279	140,025	140,025	140,025	140,025	140,025	140,025	140,025
Entertainments	236,500	222,310	231,202	236,982	241,722	244,139	244,139	244,139	244,139	244,139	244,139
Exhibitions	15,000	14,100	14,664	15,031	15,031	15,031	15,031	15,031	15,031	15,031	15,031
Association Conference Hire	90,000	84,600	87,984	90,184	90,184	90,184	90,184	90,184	90,184	90,184	90,184
Commercial Conference Hire	63,250	59,455	61,833	63,379	63,379	63,379	63,379	63,379	63,379	63,379	63,379
Catering income	138,713	130,390	135,605	138,995	141,775	143,193	143,193	143,193	143,193	143,193	143,193
Commercial events	42,000	39,480	41,059	42,086	42,927	42,927	42,927	42,927	42,927	42,927	42,927
Other income	185,285	185,285	185,285	185,285	185,285	185,285	185,285	185,285	185,285	185,285	185,285
Total Income	907,748	864,400	891,564	909,221	920,328	924,163	924,163	924,163	924,163	924,163	924,163

Project:	Income and Usage Projections									
Expenditure:										
Staff costs - non-casual	640,520	640,520	640,520	640,520	640,520	640,520	640,520	640,520	640,520	640,520
Staff costs - casual	181,550	172,880	178,313	181,844	184,833	184,833	184,833	184,833	184,833	184,833
Utilities costs	81,900	81,900	81,900	81,900	81,900	81,900	81,900	81,900	81,900	81,900
NNDR	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200
Maintenance costs	200,850	200,850	200,850	200,850	200,850	200,850	200,850	200,850	200,850	200,850
Transport	9,077	9,077	9,077	9,077	9,077	9,077	9,077	9,077	9,077	9,077
Advertising costs - non-staff	146,000	146,000	146,000	146,000	146,000	146,000	146,000	146,000	146,000	146,000
Cleaning & Waste disposal	36,310	34,576	35,663	36,369	36,813	36,967	36,967	36,967	36,967	36,967
Insurances	55,250	55,250	55,250	55,250	55,250	55,250	55,250	55,250	55,250	55,250
ICT costs	45,387	45,387	45,387	45,387	45,387	45,387	45,387	45,387	45,387	45,387
Misc. supplies & services	45,387	45,387	45,387	45,387	45,387	45,387	45,387	45,387	45,387	45,387
Cost of sales (F&B contracted out)	0	0	0	0	0	0	0	0	0	0
Administration costs	36,310	36,310	36,310	36,310	36,310	36,310	36,310	36,310	36,310	36,310
Head office costs and profit	108,930	103,728	106,988	109,107	110,439	110,900	110,900	110,900	110,900	110,900
Total Expenditure	1,592,671	1,577,066	1,586,845	1,593,202	1,597,200	1,598,581	1,598,581	1,598,581	1,598,581	1,598,581

Net Operating Surplus/(Cost) -684,924 -712,666 -695,281 -683,980 -676,872 -674,418 -674,418 -674,418 -674,418 -674,418

Number of event days 209

Jersey conference+event venue**Advertising Income**

	£
Total income	137000
Advertising expenditure	
Advertising (non staff) **	116000
Publicity & marketing *	30000
Total	<u>146000</u>

** - specific advertising for events, based on £1,500 per entertainment event and £500 per Fair and Exhibition

* - general marketing budget for the centre

Assumptions

Advertising for conferences and entertainments will be covered by the promoters
Advertising for other events will be partially covered by the organisers, but will also require input from the centre

Project:

Income and Usage Projections

Jersey conference+event venue

Entertainments income

Facility	Number of days per event	Cost per day £	Number of events	Projected Income per Year £	Average Number of visitors per event	Total Number of visitors
sports events	1	3,250.00	10	32,500	600	6000
community events	1	1,250.00	16	20,000	350	5600
concerts	1	4,000.00	46	184,000	750	34500
other	0	0.00	0	0	0	0
TOTAL INCOME FOR YEAR			72	236,500		46100

Project:

Income and Usage
Projections

Jersey conference+event venue

Exhibitions income

Facility	Number of days per event	Cost per day	Number of events	Projected Income per Year	Average Number of visitors per event	Total Number of visitors
Fairs	1	1,250.00	12	15,000	350	4200
TOTAL INCOME FOR YEAR				15,000	Total visitors	4200

Assumptions:

1000 sq.m. of exhibition space is provided

Fairs include computer fairs / wedding fairs etc.

Project:

Jersey conference+event venue

Association Conference Hire

Facility	Number of days per event	Cost per day	Number of events	Projected Income per Year	Average Number of visitors per event	Total Number of visitors
		£		£		
500-750 delegates	3	1,800.00	7	37,800	600	4200
751-1000 delegates	3	1,800.00	7	37,800	800	5600
1001+ delegates	4	1,800.00	2	14,400	1250	2500
TOTAL INCOME FOR YEAR			16	90,000	Total delegates	12,300

Event days 50

Based on Tourism Company Report

Assume that 75% of the cost for each conference will need to be provided via the subvention budget. This subvention will include subsidies towards flights / transport etc, in order to encourage business to Jersey.

Project:

Income and Usage
Projections

Jersey conference+event venue

Commercial Conference Hire

Facility	Number of days per event	Cost per day	Number of events	Projected Income per Year	Average Number of visitors per event	Total Number of visitors
		£		£		
500-750 delegates	2	2,750.00	7	38,500	600	4200
751-1000 delegates	3	2,750.00	3	24,750	800	2400
1001+ delegates	4	2,750.00	0	0	1250	0
TOTAL INCOME FOR YEAR			10	63,250	Total delegates	6,600

Event days 23

Based on Tourism Company Report

Income and Usage Projections

Jersey conference+event venue

Bars and Catering Income:

Throughput
Amount Spent per Visit/Person
Number of Functions in Year
Average Income per Function

Entertainment	Exhibitions	Commercial Conferences	Association Conferences	Commercial Events
46,100	4,200	6,600	12,300	2,700
£5.00	£2.50	£40.00	£27.50	£5.00
0	0	5	2	8
£100.00	£100.00	£5,000.00	£1,500.00	£5,000.00

Income	£	£	£	£
Delegates / visitors	230,500	10,500	264,000	338,250
Functions	0	0	25,000	3,000
Total	230,500	10,500	289,000	341,250
Total income				924,750
Share to venue management				138,713

Assumptions:

Catering / banqueting space of 1000sq.m.

Catering will be contracted out, with a 15% income share to the venue management

Project:

Income and Usage
Projections

Jersey conference+event venue

Commercial events

Facility	Number of days per event	Cost per day £	Number of events	Projected Income per Year £	Average Number of visitors per event	Total Number of visitors
Trade exhibitions	5	1,500.00	4	30,000	450	1800
Awards	1.5	1,500.00	2	4,500	300	600
Meetings	1	250.00	30	7,500	10	300
TOTAL INCOME FOR YEAR				42,000	Total visitors	2700

Event days (excl. meetings) 23

Jersey conference+event venue

Other income

Booking commission	89,875	(based on 25% of guests utilising local accommodation with a £5 central booking fee)
Car Parking	66,250	(based on 50% of non-conference guests driving to the centre, with a £2.50 parking fee)
Ticketing commission	29,160	(based on 2% commission on ticket sales for events)

185,285

Jersey conference+event venue

STAFFING COSTS

PERMANENT ESTABLISHMENT

DESIGNATION	BASE SALARY (£)	NATIONAL INSURANCE (£)	PENSION COSTS (£)	HOLIDAYS (£)	SICKNESS (£)	TRAINING (£)	TOTAL SALARY (£)	NUMBER OF FULL-TIME EQUIVALENTS	TOTAL COSTS (£)
Operations Director	45,000	4,950	4,500	3,150	1,350	1,350	60,300	1.00	60,300
Finance Manager	30,000	3,300	3,000	2,100	900	900	40,200	1.00	40,200
Admin support / Receptionists	14,000	1,540	1,400	980	420	420	18,760	4.00	75,040
Event Co-ordinators	18,000	1,980	1,800	1,260	540	540	24,120	2.00	48,240
Conference organisers	18,000	1,980	1,800	1,260	540	540	24,120	2.00	48,240
Finance assistant	15,000	1,650	1,500	1,050	450	450	20,100	1.00	20,100
Advertising and Marketing manager	25,000	2,750	2,500	1,750	750	750	33,500	1.00	33,500
Advertising and Marketing assistant	15,000	1,650	1,500	1,050	450	450	20,100	1.00	20,100
Security staff	15,000	1,650	1,500	1,050	450	450	20,100	3.00	60,300
Maintenance Staff	25,000	2,750	2,500	1,750	750	750	33,500	2.00	67,000
Cleaners	10,000	1,100	1,000	700	300	300	13,400	3.00	40,200
Box office staff	12,500	1,375	1,250	875	375	375	16,750	4.00	67,000
Technical staff	15,000	1,650	1,500	1,050	450	450	20,100	3.00	60,300
Other	0	0	0	0	0	0	0	0	0
TOTALS								28.00	640,520

EVENT RELATED STAFFING

VARIABLE STAFFING LEVELS BASED ON NUMBER AND TYPE OF EVENTS

ASSUME 20% OF INCOME REQUIRED TO COVER EVENT RELATED STAFF

Year 1 income	864,400
event-related staff cost	172,880
@£5 per hour, equates to	28,813 hours
@8 hour shifts, equates to	3,602 days
number of event days	376 (x2 to account for set-up time)
No. of casual staff per event	10

NOTE: no staff costs associated with catering provision, as this will be contracted out.

Jersey conference+event venue

OTHER COSTS

Size of Facility 6825 sq.m.
 Capital cost of facility 22,100,000

PREMISES

COSTS	RATE PER SQUARE METRE	TOTAL COST (£)
Utilities	12	81,900
Repairs and Maintenance	10	68,250
Cleaning materials	5	34,125

COSTS

COSTS	RELATION TO CAPITAL COST	TOTAL COST (£)
National Non-Domestic Rates	2.15%	5,200
Life-Cycle Costs	0.60%	132,600

(based on current rates bill at the Fort)

ADVERTISING AND MARKETING

COSTS	TOTAL COST (£)
Year 1 Additional Costs	25000

ADMINISTRATION

COSTS	RELATION TO CAPITAL COST	TOTAL COST (£)
Insurance	0.3%	55,250

Jersey conference+event venue

Net Present Value of the option	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	£	£	£	£	£	£	£	£	£	£
Development Cost	- 22,100,000									
Annual position	-712,666	-695,281	-683,980	-676,872	-674,418	-674,418	-674,418	-674,418	-674,418	-674,418
Subvention budget	-63,450	-65,988	-67,638	-67,638	-67,638	-67,638	-67,638	-67,638	-67,638	-67,638
Annual cost to the Council	-22,876,116	-761,269	-751,618	-744,510	-742,055	-742,055	-742,055	-742,055	-742,055	-742,055

Net Present Value @ 3.5% discount rate

-27,585,648

Jersey conference+event venue

Capital modelling

Capital funding routes:

1) *Borrowing by the States of Jersey*

Average cost per £1m of borrowing 68,000 (based on 4.8% interest rate over 25 years)

Cost per annum to borrow £22.1m 1,502,800

2) *Public Private Partnership*

Cost per annum to borrow £22.1m 2,114,606 (based on normal PPP terms with 90% debt finance at circa 6.05%, and 10% equity)

Other capital sources:

- Capital receipts from States of Jersey
- Sponsorship - advertising / pouring rights / naming rights

Appendix C



Appendix C

Jersey conference+events venue

Impact Assessment Spreadsheet Model

Last updated 10 November 2004

Assumptions that can be adjusted in the model are shaded blue

Notes: text in red explains the linkages and assumptions in the model

EIA assumptions

Conference assumptions

<i>Association conference hire</i>				
Size of event (delegates)	No. of days per event	Number of events	Ave. no. of visitors per conference (inc organisers/exhibitors)	Total number of visitors
500-750	3	7	600	4200
751-1000	3	7	800	5600
1001+	4	2	1250	2500
		16		12300
<i>Commercial conference hire</i>				
500-750	2	7	600	4200
751-1000	3	3	800	2400
1001+	4	0	1250	0
		10		6600
Total attendance				18900

Assumption: Based on Tourism Company Report and PMP Business Plan assumptions.

Event assumptions

<i>Entertainment events</i>				
Size of event (delegates)	No. of days per event	Number of events	Ave. no. of visitors per event (inc organisers/exhibitors)	Total number of visitors
Sports events	1	10	600	6000
Community events	1	16	350	5600
Concerts	1	46	750	34500
Other(exhibition)	1	12	350	4200
		84		50300
<i>Commercial events</i>				
Trade exhibitions	5	4	450	1800
Awards	1.5	2	300	600
Meetings	1	25	10	250
		31		2650
Total attendance				52950

Assumption: Based on Tourism Company Report and PMP Business Plan assumptions.
Comparator: 26 sports and community events and 22 entertainment events are currently held per annum at Fort Regent.

Conference delegate spend assumptions

Ave. trip spend per association conference delegate in Jersey economy	£537
Ave. trip spend per corporate conference delegate in Jersey economy	£406
<i>Assumption: Average conference visitor trip expenditure is £537 for association conferences and £406 for corporate conferences - based on Jersey tourism board 2003 statistics.</i>	
<i>Assumption: includes personal spend by conference organisers.</i>	
<i>Comparator: The BTA provide average conference visitor spend levels for various types of conference and meeting events. These include £355 trip expenditure for corporate conferences, £400 trip expenditure for association conferences, £548 trip expenditure for academic conferences and £354 trip expenditure for other conferences). (BTA Advisory note, 2001)</i>	
Total association conference delegate spend	£6,605,100
Total corporate delegate spend	£2,679,600
Total delegate spend	£9,284,700
<i>Comparator: Current contribution of all conference visitors to Jersey economy is circa £6,000,000 (all conference venues)</i>	

Event spectator spend assumptions

	Breakdown of event spectators	Average spend per event visitor	Total event spectator spend
Ave. spend per Jersey resident event visitor	90%	£3	£119,138
Ave. spend per non-resident event visitor	10%	£83	£450,075
Total event spectator spend			£569,213
<i>Assumptions: Minimal additional expenditure by Jersey residents. Non-resident event spend assumes 1 night in Jersey with an expenditure of £100 per trip.</i>			
<i>Assumption: includes personal spend by event organisers.</i>			
<i>Note: Additional expenditure linked to events, particularly amongst Jersey residents, is likely to vary according to the location of the conference and events centre/ proximity to retail/ restaurants etc.</i>			

Conference and event organiser spend assumptions (in addition to personal spend accounted for above)

		Total spend
Ave. spend per conference on local support services	£1,000	£26,000
Ave. spend per event on local support services	£1,000	£115,000
Total conference and event organiser spend on local support services		£141,000
<i>Assumptions: Conservative spend assumptions of £1000 per conference/ event used due to limited supporting information available.</i>		

Centre's purchases within the local economy

Expenditure by the new conference and events centre on goods and services from suppliers within the local Jersey economy	£175,000
<i>Assumptions: Conservative spend assumptions of 25% of centre expenditure (base level of £700,000 not including staffing costs) due to limited supporting information available.</i>	

Job creation

Total FTE jobs	31
FTE casual staff per event	10
	41
<i>Assumption: Taken from Business plan in Section 5.</i>	

Increased business expertise/ improved company operating standards

This potential impact cannot be quantified.

Increased investment in the surrounding area

It is not possible to estimate this potential impact. However, a nominal level of investment can be included for EIA estimate purposes. We would recommend a nominal investment of £1,000,000 over 5 years.	
Total investment per annum	£200,000

Opportunities for development of specialised services

This potential impact cannot be quantified.

Enhanced networking/ new business opportunities

This potential impact cannot be quantified.

Tax revenue

This potential impact cannot be quantified.

Tourism market economic impacts

See section 2.

Total economic impact per annum of the proposed new conference and events centre, based on the above assumptions	Total expenditure in local economy	£10,369,913
Additional economic impact which have not been quantified include:		
FTE jobs	No. of FTE jobs	41
Increased business expertise/ improved company operating standards		
Increased investment in the surrounding area		
Opportunities for development of specialised services		
Enhanced networking/ new business opportunities		
Tax revenue		

Tourism market impact assumptions

Reputation and perception

This potential impact cannot be quantified.

Accompanying visitors

	Spend per guest	No. of guests	Total spend by conference visitor guests
Spend per association conference delegate guest per trip	£48	1845	£88,560
Spend per corporate conference delegate guest per trip	£44	990	£43,560
			£132,120

Assumption: The BTA advise that if no information is available on the estimated level of accompanying persons, but it is expected that an event will include such an element, an overall average should be applied. They recommend an assumption that 15% of delegates are accompanied for all, or most, of a conference.

Assumption: The BTA provides the following guidance on average additional expenditure by accompanying visitor per trip: Corporate conference £44, Association conference £48, Academic conference £56, Other conference £70. This is addition to spending undertaken on behalf of the delegate which is included in delegate spend assumptions.

Assumption: Due to lack of information available, no account is made for guests of event visitors.

Comparator - the average tourist spend in Jersey has been calculated at £285 per visitor (Jersey Tourism annual report, 2003 in focus).

Return visits by delegates

	No. of previous conference delegate visitors	No. of guests	Ave. spend per visit	Total spend by return visitors and guests
Return visits by delegates	945	945	£283	£534,870

Assumption: Conservative assumption that 5% of conference delegates per annum return to Jersey with one additional visitor. Average spend is £283 per person (based on Jersey Tourism Board ave spend of £283 per visitor to Jersey). Assumes that these visitors would not have visited Jersey otherwise.

Comparator: Conference Delegate and Expenditure Research 1998, found that 39% of conference delegates would be likely to return to their business conference destination for a holiday.

Increased marketing of destination

This potential impact cannot be quantified.

Total general tourism market impact resulting from development of the proposed new conference and events centre, based on the above assumptions.

£666,990

THIS CALCULATION IS BASED ON CONSERVATIVE ESTIMATES DUE TO THE LIMITED COMPARATOR INFORMATION AVAILABLE.

Comparator: Total on-island visitor expenditure in Jersey totalled £213million in 2003 and £236 in 2002 - Jersey Tourism Annual Report, 2003.

Additional tourism market impacts, which have not been quantified, will result from:

- Improved reputation and perception of Jersey
- Increased marketing of Jersey as a destination

Business and meeting market development assumptions

Improved reputation and perception of a destination

This potential impact cannot be quantified.

Meetings linked to conference visits

This potential impact cannot be quantified.

Opportunities resulting from networking/ identification of opportunities

This potential impact cannot be quantified.

Social impacts

Displacement of sports hall users

This potential impact cannot be quantified.

The costs of compensation for relocation to alternative venues or subsidies to match current venue hire rates will need to be taken into consideration.

Improvements in range of publicly accessible events

This potential impact cannot be quantified.

Improvements to selected development site

This potential impact cannot be quantified.

Disruption during development phase

This potential impact cannot be quantified.

The impact on income levels (activity sessions, events, conferences, car parking, catering) at Fort Regent Leisure Centre will need to be assessed if Queens Hall Rotunda or the swimming pool site are developed.

Opportunity costs

Alternative developments

	Option 1 - Queens Hall Rotunda	Option 2 - Swim pool site	Option 3 - alternative sites
Capital receipts from sale of land	Potentially significant	Potentially significant	Unknown
Other opportunities cost linked to potential benefits eg regeneration, community, economic.	Not quantified	Not quantified	Not quantified
<p><i>Assumption: In the absence of information on the alternative options for the development sites, detailed site valuations or market testing with private sector developers, to test the issues identified above, it is not possible to quantify the opportunity cost of conference and event centre development on each of the sites.</i></p> <p><i>Assumption: However, we can assume that if private sector development were permitted on either the swimming pool or Fort Regent site, they could generate significant capital receipts.</i></p>			

Capital finance from states

	Option 1 - Queens Hall Rotunda	Option 2 - Swim pool site	Option 3 - alternative sites
Capital costs of each development options	£9.4m	£22.1m	£22m+
<p><i>Assumption: Taken from Davis Langdon order of costs in Section 3.</i></p> <p><i>Assumption: The total capital costs will be even higher if financed through borrowing due to the financing costs.</i></p>			

Ongoing revenue subsidy from States

	Option 1 - Queens Hall Rotunda	Option 2 - Swim pool site	Option 3 - alternative sites
Annual revenue subsidy	£825,000	£751,000	£751,000
<p><i>Assumptions: The business plan in Section 5 reinforces the need for a subsidy at any new conference and events centre development in Jersey, with estimates in the region of £751,000 to £825,000 per annum (using year 3 subsidy levels).</i></p>			

A total opportunity cost impact has not been provided as it includes a combination of per annum opportunity costs and project lifetime costs.

THIS ESTIMATE SHOULD BE USED FOR COMPARATIVE PURPOSES ONLY- AGAINST ALTERNATIVE DEVELOPMENT OPTIONS BEING CONSIDERED BY THE STATE.

Impact summary

Impacts	Impact(£)
1. Economic impact	
Conference delegate spend	£9,284,700
Event spectator spend	£569,213
Conference and event organiser spend (in addition to personal spend above)	£141,000
Centre's purchases on goods and services within the local economy	£175,000
Job creation	41 jobs
Business development benefits	Not quantified
Increased investment in the surrounding area	£200,000
Opportunities for development of specialised services	Not quantified
Enhanced networking/ new business opportunities	Not quantified
Economic impact total	£10,369,913
2. Tourism market development	
Reputation and perception	Not quantified
Accompanying visitors (conference market only)	£132,120
Return visits by delegates	£534,870
Increased marketing of Jersey	Not quantified
Tourism market development total	£666,990
3. Business and meetings market development	
Improved reputation and perception of a destination	Not quantified
Meetings linked to conference visits	Not quantified
Opportunities resulting from networking/ identification of opportunities	Not quantified
Business and meetings market development total	Not quantified
4. Social impacts	
Displacement of sports hall users	Not quantified
Disruption during development phase	Not quantified
Improvements in range of publicly accessible events	Not quantified
Improvements to selected development site	Not quantified
Social impacts total	Not quantified
TOTAL QUANTIFIED IMPACT (not inc opportunity cost)	£11,036,903

5. Opportunity cost impacts	Option 1 - Queens Hall Rotunda	Option 2 - Swim pool site	Option 3 - alternative sites
Alternative developments	Potential for significant capital receipts	Potential for significant capital receipts	Unknown
Capital finance from States (project lifetime)	£9.4m	£22.1m	£22m*
Ongoing revenue subsidy from States (per annum)	£825,000	£751,000	£751,000
NOTE - THIS INFORMATION SHOULD BE USED CAUTION AND ONLY USED WITH REFERENCE TO THE ASSUMPTIONS DETAILED IN THIS SECTION			

