

Clennon Valley Cycling Hub

1. The TDA was asked to review the business case ahead of Council consideration of the document. In carrying out the review we have reviewed the business case and the information provided by Residents & Visitors Services and information provided to the Council by British Cycling and others.
2. In summary, it appears that the business case is likely to underestimate the potential consumption of the facility and therefore the amount of income it could generate.
3. This is because we consider that the business case assumption of a ten mile catchment is conservative. Comparable facilities elsewhere have used one hour journey time as a catchment which would bring the cities of Exeter, Plymouth and Taunton within reach of the facility. Letters of support which have been provided from the University of Exeter, cycling clubs and others would also support the conclusion that the likely usage of the facility has been understated.
4. We have also reviewed a number of the other assumptions made on the usage and found them to be similarly conservative.
5. It is recognised that the Council is being asked to make key decisions with regard to the management options for the facility, these will have an impact on the costs incurred by the project and in particular the salary costs. Until a decision on the preferred management route is made we have not revised the site staff salary figure however our assessment would allow for higher direct costs being sustainable while still repaying any borrowing. Depending on the future operating model it might be that the NDDR amount charged to the facility could also be reduced.
6. We have adjusted the capital repayments required for any borrowing following confirmation that £143,000 of section 106 monies can be directed to the scheme. It is thought likely that other s106 funds may be identified over the course of the summer which would then reduce the Council's borrowing requirement and therefore reduce the repayment amount further.
7. The table below suggests that the facility will achieve a surplus which allows for the projects costs to be covered.

Expenditure	£ Annual	Closed Circuit track	Cost	Users/u sage	income
Site Staff	25,000				
Grounds Maintenance	2,000	club training per hour	30	624	£18,720
Street Lights (elec)	1,200	club per hour	35		£0
Changing facilities		other sports team			
TLC	incl	use per hour	35	130	£4,550
NNDR	10,000	other per hour	35		£0
Road Circuit R&M	2,000	Daily Hire Aff Club	180	10	£1,800
Velodrome R&M	2,000	Daily Hire Club	200	6	£1,200
Booking & admin costs	1,500	Daily Hire cycling	250	2	£500
Marketing & promotion	2,000	Daily Hire other	300	2	£600
Site security	500	Total			£27,370
Legal Insurance Costs	2,000				
Sink Fund	4,000	Velodrome			

Cyclist Accredited 1 hour	2.5		
club training per hour (aff) with coach	30	520	£15,600
club training per hour without coach	40	156	£6,240
Daily Hire Aff club with coach	250	10	£2,500
Daily Hire Club with coach	300	6	£1,800
Daily Hire Club Without coach	400	4	£1,600
total			£27,740

Overall

Annual facility membership non club	40	750	£30,000
Hourly Charge	2.5	2600	£6,500
Visitor membership Closed Circuit	20	1260	£25,200
income			£27,370
Velodrome			£27,740

Facility costs	52,200	Total facility income	£116,810
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Other costs

Capital repayments £637,000 repay over 25years £1.175 million	47,000
Coaching to accreditation (one off)	5,200

Other income

Car Parking income (assumes 50% of visitors pay to park)	£20,375
Rent	£15,000
Events catering	£3,000
Cycle hire (assumes 20% of visitors hire)	£5,000
Advertising	£3,000
Total other income	£46,375

Total Expenditure	104,400	Grand total	£163,185
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Assumptions made

- We believe that the facility could attract 25,000 users per year based on figures which have been drawn from other facilities (10 users in each session) and the programme schedule which was set out in the business case. Using the Knowsley Velodrome figures would suggest that a higher number would be realised.
- The visitor membership estimate shown above is based on usage of the facility by 5% of the visitors over the main holiday centres at the Hoborne holiday park.
- We have assumed that 50% of all visitors will pay to park for between one and two hours.
- The rental figure is based on discussions that have been held with potential operators. It is likely that there could be some increase following negotiations.

12. Cycle hire assumes that 20% of all users require cycle hire, given the nature of the velodrome circuit requires fixed wheel bikes rather than road bikes this may prove conservative.
13. We have also modelled assuming both 25% fewer and 25% higher visitors. In the case of fewer visitor numbers the total income from the facility (including car parking) is forecast at £117,000 and in the case of higher visitor numbers its £203,000. In both cases the forecast costs, as shown above, are covered.

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