



Nelson Towns Deal Programme

Trafalgar House

- Redevelopment Options Appraisal

Pendle Borough Council

A report by Strategic Leisure Limited
January 2024



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1. Executive Summary

Introduction

- 1.1. Strategic Leisure Limited (SLL) was appointed by Pendle Borough Council (PBC) as part of the Raise Partnership team, in December 2023, to undertake a facility options appraisal on the redevelopment of Trafalgar House, located in Nelson. The options appraisal focusses on the realistic options for redeveloping the facility to increase dwell time in the town centre, generate a financial surplus and support the overall redevelopment of Nelson. A predominant focus for the redevelopment of Trafalgar House is to engage young people in entertainment, leisure and/or sporting activities.
- 1.2. This report has been informed through the following:
- Review of strategic local context and relevant policy documents
 - Analysis of other work completed to date
 - Briefing meeting with Pendle Borough Council (PBC), Raise Partnership (Raise) and Brookhouse Developments
 - Identified stakeholder consultation
 - Development of concept drawings (undertaken externally)
 - High-level identification of capital costs
 - Future revenue positions based on facility redevelopments

Background Context

- 1.3. Revitalising Nelson is one of seven projects in the £25m Nelson Towns Deal with investment from the Government's Towns Fund. Pendle Borough Council (PBC) and developer partner, Brookhouse Group are working on this scheme together to deliver positive change in Nelson, supported by project managers Raise Partnership (Raise).
- 1.4. Considered within this report is:
- **Trafalgar House**, located next to Nelson Town Hall, owned by PBC, which has been vacant for several years. Appendix 5 shows the concept for the redevelopment of Trafalgar House into the Learie Constantine Community Recreation Centre¹.

¹ Stated as Trafalgar House throughout this report

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- 1.5. This Facility Options Appraisal considers two viable options for PBC based on the brief of redeveloping Trafalgar House into a leisure/entertainment facility for Nelson residents. This should have a focus on physical activity, skill development, and socialising, whilst ensuring a financial surplus for the facility operator.
- 1.6. Based on the above context, the scope of this Facility Option Appraisal covers:
- Potential development options at Trafalgar House (Learie Constantine Community Recreation Centre).
 - Revenue implications (linked to impact on throughput and usage)
 - Recommendations for the options moving forward

Consultation

- 1.7. This options appraisal has been developed based on engagement with a wide range of key stakeholders. Consultation has been undertaken to identify the most suitable new facilities for Nelson, which can make a positive contribution to residents. The engagement has included:
- Face to face, online meetings, and workshops with key officers from Nelson College, and The Yes Hub, Nelson
 - Online meetings with Raise Partnership and PBC.
 - Face-to-face and online meetings with Brookhouse Group
 - Face-to-face engagement with students at Nelson College (approx. 175 students)

Short-listed options for Trafalgar House and Associated Revenue Position

- 1.8. Shown below are two potential options for the redevelopment of Trafalgar House. Neither of these are exhaustive and other facilities/activities can be considered moving forward. Option 1 provides more multi-purpose space suitable for physical activity and events linked to the facility's namesake Learie Constantine, whereas Option 2 has an emphasis on income generation, resulting in a greater annual operational surplus.

Option 1: Multi-purpose Events Space

Future Facility Mix

Table 1: Trafalgar House Option 1: Facility Mix Shortlisted Options

Facility	Facility Mix
Trafalgar House	First Floor
	Boxing Club (outsourced)
	Ground Floor
	Indoor Cricket/Archery
	Café
	Citizens Advice Bureau (outsourced)
	Large multipurpose event space for weddings, functions, etc
	Basement Floor
	Karaoke/Recording Studio
	Esports Facility
	Hado Facility / Virtual Reality / Augmented Reality Suite
	Games Room
	Sensory Room (young children)

1.9. Images of all these facilities can be found in Appendix 4, concept facility options.

Future Revenue Position

Table 2: Trafalgar House Option 1: Impact after Redevelopment – annual operational position

Trafalgar House – Option 1	Revenue Position
Income	£786,357
Expenditure	£683,100
Operational Surplus (Loss)	£103,257
Sinking Fund (SF)/Lifecycle repairs etc	£15,000
Gross Surplus / (Loss)	£88,257

- 1.10. As shown above, **Option 1 operates at an annual surplus of £88,257, based on an average over 10-years**. There is a small sinking fund in place for equipment year-on-year, not based on structural requirements, further work is required to determine the likely deterioration.

Option 2: Tag Active

Future Facility Mix

Table 3: Trafalgar House Option 2 - Facility Mix shortlist

Facility	Facility Mix
Trafalgar House	First Floor
	Boxing Club (outsourced)
	Ground Floor
	Tag Active / Ninja Warrior
	Café
	Basement Floor
	Karaoke/Recording Studio
	Esports Facility

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Facility	Facility Mix
	Hado Facility / Virtual Reality / Augmented Reality Suite
	Games Room
	Sensory Room (young children)

- 1.11. The basement level and first floor are the same facility mix as per Option 1. The ground floor level for Option 2 is a dedicated, permanent Tag Active / Ninja Warrior facility with supporting café. This facility is not multi-purpose and has less flexibility when compared with Option 1, however it is more of a 'destination'. It is envisaged that this would attract users from both Pendle and surrounding boroughs as well as visitors to the area.

Future Revenue Position

Table 4: Trafalgar House Option 2 - Impact after Redevelopment – annual operational position

Trafalgar House – Option 2 Tag Active	Revenue Position
Income	£878,919
Expenditure	£675,587
Operational Surplus (Loss)	£203,332
Sinking Fund (SF)/Lifecycle repairs etc	£15,000
Gross Surplus / (Loss)	£188,332

- 1.12. As shown above, **Option 1 operates at an annual surplus of £188,332, based on an average over 10-years**. There is a small sinking fund in place for equipment year-on-year, not based on structural requirements, further work is required to determine the likely deterioration.

Revenue Comparison of Option 1 and Option 2

- 1.13. The information below provides a visual comparison of both options to determine the most viable option for PBC. Although the better option financially appears to be Option 2, this does not consider capital costs or the social value of developing each facility. These will be assessed at full feasibility stage.

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Table 5: Overview of Option 1 and Option 2 – Financials

Facility	Option 1	Option 2
Total Cost of refurbishment	TBC	TBC
Annual capital repayment cost (pru borrowing)	TBC	TBC
Income	£786,357	£878,919
Expenditure	£683,100	£675,587
Operational Surplus (Loss)	£103,257	£203,332
Throughput	194,311	101,923
Social Value (£)	TBC	TBC

Conclusions and Recommendations

- 1.14. Both options are likely to be financially viable. PBC, Raise and Brookhouse Developments should consider which option adheres to the objectives of the Towns Deal. As mentioned above, these options are not exhaustive and there are other viable facilities for Trafalgar House moving forward.
- 1.15. This report shows the likely financial positions of both options if operated by Pendle Leisure Trust (PLT). Further work is required to determine the optimum management of this facility through a management options appraisal.
- 1.16. Prior to determining the future of Trafalgar House, structural assessments are required to determine the feasibility of the facilities stated within this report. Furthermore, there will be the requirement to undertake architectural RIBA stages to deliver design and cost certainty on this development.
- 1.17. This report has demonstrated that redeveloping Trafalgar House can be a viable option for PBC, Brookhouse Developments for the greater good of Nelson as a town.

1.18. The next steps should be the following:

- Additional consultation with PBC, Raise, Brookhouse Development and the potential operator of the facility i.e. PLT
- Confirmation of final facility mix
- Preparation of architects/design specification
- Relevant structural surveys
- Refined Business Plan based on cost certainty through the RIBA stages
- Management Options Appraisal
- KPI/Outcome Setting
- Relevant procurement routing

2. Introduction and Background Context

Introduction

- 2.1. Strategic Leisure Limited (SLL) was appointed by Pendle Borough Council (PBC) as part of the Raise Partnership team, in December 2023, to undertake a facility options appraisal on the redevelopment of Trafalgar House, located in Nelson. The options appraisal focusses on the realistic options for redeveloping the facility to increase dwell time in the town centre, generate a financial surplus and support the overall redevelopment of Nelson. A predominant focus for the redevelopment of Trafalgar House is to engage young people in entertainment, leisure and/or sporting activities.
- 2.2. This report has been informed through the following:
- Review of strategic local context and relevant policy documents
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Background context

- 2.3. Revitalising Nelson is one of seven projects in the £25m Nelson Towns Deal with investment from the Government's Towns Fund. Pendle Borough Council (PBC) and developer partner, Brookhouse Group are working on this scheme together to deliver positive change in Nelson, supported by project managers Raise Partnership (Raise).
- 2.4. Considered within this report is:
- **Trafalgar House**, located next to Nelson Town Hall, owned by PBC, which has been vacant for several years. Appendix 5 shows the concept for the redevelopment of Trafalgar House into the Learie Constantine Community Recreation Centre².

² Stated as Trafalgar House throughout this report

- 2.5. This Facility Options Appraisal considers two viable options for PBC based on the brief of redeveloping Trafalgar House into a leisure/entertainment facility for Nelson residents. This should have a focus on physical activity, skill development, and socialising, whilst ensuring a financial surplus for the facility operator.
- 2.6. Based on the above context, the scope of this Facility Option Appraisal covers:
- Potential development options at Trafalgar House (Learie Constantine Community Recreation Centre).
 - Revenue implications (linked to impact on throughput and usage)
 - Recommendations for the options moving forward

Operational Management of Trafalgar House

- 2.7. Pendle Borough Council's existing leisure management contract is with Pendle Leisure Trust (PLT). The agreement covers six facilities, a healthy lifestyle and community engagement team and a head office. The partnership agreement has technically expired between PLT and PBC, and facility leases are due to run out in 2028. In the financial year 2022/23, there was an overall management fee from PBC to PLT of £1.107m plus additional energy support of £0.125m. For this report, it is assumed that PLT will operate Trafalgar House however, further work should be completed to identify the most appropriate operator for Trafalgar House moving forward.
- 2.8. Strategic Leisure Limited (SLL) has confirmed with PLT that the most recent financial accounts (22/23) are up-to-date figures. These have been used to inform the revenue information set out in subsequent sections of this report.

The Relevance of the Towns Deal Fund

- 2.9. Trafalgar House is a historic building with huge potential for redevelopment. Whilst in need of investment, its location is very advantageous to the local community, given its adjacency to areas of deprivation and its central town centre position. There is approximately £1.6million of Town Deal Funding currently available to refurbish this facility. Based on the potential surplus generated by the proposed uses, this could lever up to a further £3million through Penbrook Limited (PBC's Joint Venture delivery vehicle for the Revitalise Nelson element of the Town Deal), with the facility paying back this capital over a number of years.
- 2.10. There is also the potential of utilising some of the new Long Term Town Funding, which will provide for £2million a year for 10 years for Nelson. If we assume that the £1.6million of current Town Deal funding will pay for fit-out of the facility and that additional funding from Long Term Town Deal and/or Penbrook Limited Development's investment in Trafalgar House funds the structural building works, we can apply sensitivity tests as follows:

Table 6: Sensitivity Analysis – Trafalgar House: Penbrook

Sensitivity Analysis - Trafalgar House				
Penbrook Expenditure	Long Term Town Deal Allocation	Pay Back per Annum		
£	£	10 Year Term	15 Year Term	
£3,000,000	£0	£195,008	£180,007	
£2,500,000	£500,000	£162,507	£150,006	
£2,000,000	£1,000,000	£130,005	£120,005	
£1,500,000	£1,500,000	£97,504	£90,004	
Assumes fit out costs £1.6 million and is funded by Revitalise Nelson NTD Allocation in addition to Long Term Town Deal Allocation				

- 2.11. This is very basic modelling for illustration purposes: Further work is needed to confirm the optimum facility mix, which will dictate fit-out costs. Structural surveys on the building will be required to determine exact construction costs. These exercises will confirm the level of investment required over and above the £1.6million Tony Deal funding already available.
- 2.12. It is recommended that further work is undertaken to develop a detailed business case, to include soft market testing of proposals, to ensure that the development will make the high-level projections of operational surplus in this report. Soft market testing will provide greater robustness in the forecasts against the local and national challenges of the economic environment in which PBC is currently operating. This can also provide the opportunity to fully assess the social value of the proposals and that these will provide the desired positive impact on Nelson's residents.
- 2.13. Raise Partnership is currently supporting PBC in its regeneration programmes, led by the Nelson Town Deal (NTD) and Colne Levelling Up Fund (LUF) programmes. Raise has identified an opportunity to leverage the Towns Deal investment to enhance leisure provision, potentially addressing some of the challenges faced by PLT e.g. its significant financial deficit year-on-year. However, the biggest driver for this work is regenerating Nelson to improve the overall economy within the town for its residents, particularly young people.
- 2.14. As referenced within The Pendle Leisure Review – Integration with Nelson Town Deal Proposals (Appendix 3), there are opportunities to enhance PLT's portfolio by developing profitable services through the remodelling of Trafalgar House and potentially redeveloping Pendle Rise Shopping Centre in Nelson. Both facilities have been designed to accommodate a range of leisure/entertainment activities in the future to support economic growth.

Potential Facility Mix

2.15. A long list of potential facilities/activities based on previous Towns Deal consultation has included the following:

Table 7: Trafalgar House Consultation – Long list

Sport/Leisure	Entertainment	Other
Boxing	Cinema	Admin/Office
Padel tennis	Esports/Gaming	Retail
Adventure Golf	Café	Art venue
Golf simulators	Restaurants	Support for mental health services
Tenpin Bowling	Coffee Shops	Office space/business incubators
Pool / Snooker	Arcade	
Table Tennis	Food Market	
Darts	Karaoke	
Shuffleboard	Podcast studio	
Full Indoor Cricket / <i>Lane cricket</i>	Soft Play	
<i>Indoor football/futsal</i>	Recording studio	
<i>Badminton</i>	Deli	
<i>Interactive/traditional climbing walls</i>		

- 2.16. The proposals at Trafalgar House must support the sustainability of PBC's leisure facility portfolio through innovative and profitable means. Therefore rather than duplicating services at current PLT sites such as Pendle Wavelengths and Pendle Leisure Centre, all traditional sports hall activities e.g. badminton, indoor football/futsal have been dismissed from the above for the purpose of this report (shown in italics above).
- 2.17. In addition to this, The Leisure Box (<https://theleisurebox.org>) is located a five minute drive from Trafalgar House and is managed by Burnley FC in the Community. Trafalgar House development should not duplicate the facilities provided at The Leisure Box and therefore climbing and traditional lane cricket have also been removed from the shortlist of potential options (shown in italics above).

The relevance of Pendle Rise Shopping Centre

- 2.18. Pendle Rise Shopping Centre is currently owned by a private entity, but PBC plans to take on ownership for the purpose of redevelopment. This facility will require significant refurbishment and has been earmarked as part of the overall Towns Deal, also supported by Brookhouse Developments.
- 2.19. Stakeholder consultation with local residents has suggested facilities that may be better suited to Pendle Rise Shopping Centre rather than Trafalgar House, such as food markets, deli, coffee shops and retail e.g. Primark, New Look etc. Future work should determine the firm facility mix for Pendle Rise Shopping Centre, the optimum operational model, and its likely revenue position. It is unlikely that PLT would have the in-house expertise to manage a large retail facility, as their expertise is predominately focussed on managing leisure facilities. It is critical that any development at Pendle Rise complements Trafalgar House and PLT's current facilities.

3. Consultation

- 3.1. This options appraisal has been developed based on engagement with a wide range of key stakeholders. Consultation has been undertaken to identify the most suitable new facilities for Nelson, which can make a positive contribution to residents. The engagement has included:
- Face to face, online meetings, and workshops with key officers from Nelson College, and The Yes Hub, Nelson
 - Online meetings with Raise Partnership and PBC.
 - Face-to-face and online meetings with Brookhouse Group
 - Face-to-face engagement with students at Nelson College (approx. 175 students)

Barriers for Increasing Dwell Time in Nelson

- 3.2. Stakeholders have indicated several reasons why people avoid spending time in Nelson. The lack of facility investment, perceived poor levels of public safety and public transport issues were all stated as key barriers. For Nelson's overall economy to improve, there is the requirement to consider the areas below in addition to simply developing new facilities:
- Improving public safety
 - More places to cross the road on the way to Nelson
 - More bus stops / buses
 - Better rail services
 - Cycle and walking lanes i.e. active travel routes
 - Well-lit streets
 - Green energy consideration e.g. EV Charging points
 - More bins / less littering
 - Infrastructure investment
 - Communal Wi-Fi

Facility Development Consultation

Nelson College Consultation

- 3.3. Over 175 students at Nelson College suggested ideas for redeveloping Nelson as part of the Trafalgar House/Pendle Rise project. As shown in Table 8, some of these options may be more suited to Pendle Rise Shopping Centre due to the retail/food outlet offer.

Table 8: Trafalgar House Consultation – Options Appraisal Long List

Sport/Leisure	Entertainment	Other
Dance Venue	Board Game Café	Food Market
Ice Rink	Cinema	Deli
Indoor Cricket	Arcade	Art venue
Ninja Warrior/Tag Active	Gaming e.g. Esports	Fashionable Clothes shops e.g. Primark, New Look
Yoga / Pilates	Dungeons and Dragons	Office space/business incubators/mentoring
Cycling	Recording Studio	Music venue
Mini golf / Adventure Golf	Karaoke	Comedy nights
Ten-Pin Bowling	Soft Play	Social Spaces
Laser Tag	Virtual Reality	'Selfie/TikTok rooms'
Boxing		Health Drop ins / village hospital
Gym		Salons / Makeup artists
Climbing Walls		Homeless Support
Darts		Green Spaces
		Mental Health Support
		Multi-purpose space
		Prayer rooms
		Coffee Shops

Yes Hub Consultation

TO BE ADDED AFTER CONSULTATION 23/1/24

- 3.4. As shown above, there are many entertainment/leisure facilities and activities in demand for residents of Nelson. Based on a combination of the consultation results, industry expertise and local/regional competition, the following options have been deemed as viable for a redeveloped Trafalgar House.

4. Trafalgar House – Shortlisted Options and Future Revenue Position

- 4.1. Trafalgar House is a historic building with huge potential for redevelopment. Whilst in need of investment, its location is very advantageous to the local community, given its adjacency to areas of deprivation and its central town centre position. There is approximately £3m available to refurbish this facility through Brookhouse Developments, with the requirement for PBC to pay back this figure over a number of years.
- 4.2. Based on this, there is an acknowledgement that any development must make an operational surplus which is challenging due to the demographic and the overall national and local economic environment in which PBC is currently operating. Furthermore, there are other barriers that PBC must consider alongside developing facilities if the Towns Deal is to have its desired impact on Nelson's residents.
- 4.3. Much of Brookhouse Development's investment in Trafalgar House is likely to be structural, and therefore PBC/PLT may need to part-fund the fitout of Trafalgar House in addition to the £3m earmarked. Structural surveys will be required to determine the viability of the options below and a detailed feasibility study is required to determine the specific investment required by Brookhouse and PBC.
- 4.4. Shown below are two potential options for the redevelopment of Trafalgar House. Neither of these are exhaustive and other facilities/activities can be considered moving forward. Option 1 provides more multi-purpose space suitable for physical activity and events linked to the facility's namesake Learie Constantine, whereas Option 2 has an emphasis on income generation, resulting in a greater annual operational surplus.

Option 1: Multi-purpose Events Space

Future Facility Mix

Table 9: Trafalgar House Option 1: Facility Mix Shortlisted Options

Facility	Facility Mix
Trafalgar House	First Floor
	Boxing Club (outsourced)
	Ground Floor
	Indoor Cricket/Archery
	Café
	Citizens Advice Bureau (outsourced)

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Facility	Facility Mix
	Large multipurpose event space for weddings, functions, etc
	Basement Floor
	Karaoke/Recording Studio
	Esports Facility
	Hado Facility / Virtual Reality / Augmented Reality Suite
	Games Room
	Sensory Room (young children)

- 4.5. Images of all these facilities can be found in Appendix 4, concept facility options.

Future Revenue Position

Table 10: Trafalgar House Option 1: Impact after Redevelopment – annual operational position

Trafalgar House – Option 1	Revenue Position
Income	£786,357
Expenditure	£683,100
Operational Surplus (Loss)	£103,257
Sinking Fund (SF)/Lifecycle repairs etc	£15,000
Gross Surplus / (Loss)	£88,257

- 4.6. As shown above, **Option 1 operates at an annual surplus of £88,257, based on an average over 10-years**. There is a small sinking fund in place for equipment year-on-year, not based on structural requirements, further work is required to determine the likely deterioration. The full revenue model can be found in Appendix 1 and a high-level breakdown of each revenue area is shown in Table 11:

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Table 11: Trafalgar House Option 1: Impact after Redevelopment – High-level overview

	Trafalgar House Option 1											
Income	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	10 Year Total	Average Ten Years
Leisure Activities	410,957	423,286	435,615	447,943	460,272	472,601	484,930	497,258	509,587	521,916	4,664,366	466,437
Secondary Spend	281,868	290,324	298,780	307,236	315,692	324,148	332,604	341,060	349,516	357,972	3,199,200	319,920
Total Income	692,825	713,610	734,395	755,179	775,964	796,749	817,534	838,318	859,103	879,888	7,863,566	786,357
Expenditure												
Staffing	330,063	339,965	349,866	359,768	369,670	379,572	389,474	399,376	409,278	419,180	3,746,211	374,621
Premises	82,937	85,426	87,914	90,402	92,890	95,378	97,866	100,354	102,842	105,330	941,339	94,134
Admin and Marketing	20,066	20,667	21,269	21,871	22,473	23,075	23,677	24,279	24,881	25,483	227,743	22,774
Supplies and Services	141,071	145,303	149,536	153,768	158,000	162,232	166,464	170,696	174,928	179,161	1,601,159	160,116
Overhead/ Support Costs	27,713	28,544	29,376	30,207	31,039	31,870	32,701	33,533	34,364	35,196	314,543	31,454
Total Expenditure	601,850	619,905	637,961	656,016	674,072	692,127	710,183	728,238	746,294	764,349	6,830,996	683,100
Operational Surplus(Loss)	90,975	93,705	96,434	99,163	101,892	104,622	107,351	110,080	112,809	115,539	1,032,570	103,257
Below the line costs												
Sinking Fund (SF)/Lifecycle repairs etc	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	150,000	15,000
Capital Cost Repayment	-	-	-	-	-	-	-	-	-	-	-	-
Sub Total	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	150,000	15,000
Gross Surplus / (Loss)	75,975	78,705	81,434	84,163	86,892	89,622	92,351	95,080	97,809	100,539	882,570	88,257

Summary: Option 1

- 4.7. Option 1 provides residents of Nelson with a facility suitable for a number of different activities. The basement level concept is based on consultation with young people. The mix of entertainment and leisure facilities is suitable for teenagers and adults, with a focus on technology throughout. Over the last five years, the leisure industry has moved into the interactive sport market and the basement level of Trafalgar House is an example of how technology, fun and skill development can complement one another. This is accompanied by a karaoke/recording studio/podcast room, three areas that were strongly suggested by stakeholders within the consultation.
- 4.8. Many of the facilities suggested above will be busy during evenings and weekends. To increase daytime usage, there is also a sensory room on the basement level to attract the parent and child market during the quieter times.
- 4.9. The ground floor is a large multipurpose space suitable for sports such as full indoor cricket (not lanes) and archery. There is also a café on this level, and the revenue for this facility is based on a spend-per-head/throughput model. There may be a further opportunity for additional income generation by attracting non-users/passing trade to the café.
- 4.10. The aspiration is that this large venue space will also be used for functions and weddings, although demand for this needs to be confirmed. The revenue model indicates a hire fee for these events rather than managing the functions in-house, this reduces staffing, catering expenditure and risk.
- 4.11. The two outsourced rentals within Trafalgar House are the Citizen's Advice Bureau (room rental at £12k per annum) and the boxing club on the first floor at £7k per annum. These figures are based on assumptions from other schemes, and these may change in the future.
- 4.12. This facility will be perceived as a local hub for residents of Pendle. Users could visit on a regular basis due to the low pricing points, the activities available, and the onsite café resulting in an estimated throughput of approximately 190,000 per year. This facility could be the leisure/entertainment 'epicentre' for Nelson as a town, engaging a lot of people across different age groups.
- 4.13. **Based on the Trafalgar House being redeveloped with the facilities stated above, the anticipated financial surplus for PLT is expected to be £88,275 per year. However, what is less tangible is the additional social value measured in terms of; improved physical activity levels, social opportunities, reduced anti-social behaviour and improved overall health of residents of Nelson and Pendle.**

Option 2: Tag Active

Future Facility Mix

Table 12: Trafalgar House Option 2 - Facility Mix shortlist

Facility	Facility Mix
Trafalgar House	First Floor
	Boxing Club (outsourced)
	Ground Floor
	Tag Active / Ninja Warrior
	Café
	Basement Floor
	Karaoke/Recording Studio
	Esports Facility
	Hado Facility / Virtual Reality / Augmented Reality Suite
	Games Room
	Sensory Room (young children)

- 4.14. The basement level and first floor are the same facility mix as per Option 1. The ground floor level for Option 2 is a dedicated, permanent Tag Active / Ninja Warrior facility with supporting café. This facility is not multi-purpose and has less flexibility when compared with Option 1, however it is more of a 'destination'. It is envisaged that this would attract users from both Pendle and surrounding boroughs as well as visitors to the area.

Future Revenue Position

Table 13: Trafalgar House Option 2 - Impact after Redevelopment – annual operational position

Trafalgar House – Option 2 Tag Active	Revenue Position
Income	£878,919
Expenditure	£675,587
Operational Surplus (Loss)	£203,332
Sinking Fund (SF)/Lifecycle repairs etc	£15,000
Gross Surplus / (Loss)	£188,332

- 4.15. As shown above, **Option 1 operates at an annual surplus of £188,332, based on an average over 10-years.** There is a small sinking fund in place for equipment year-on-year, not based on structural requirements, further work is required to determine the likely deterioration. The full revenue model can be found in Appendix 1 and a high-level breakdown of each revenue area is shown in Table 14:

Pendle Borough Council

Facility Options Appraisal

Table 14: Trafalgar House Option 2 - Impact after Redevelopment – High-level overview

	Trafalgar House Option 1											
Income	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	10 Year Total	Average Ten Years
Leisure Activities	602,505	620,580	638,655	656,730	674,806	692,881	710,956	729,031	747,106	765,181	6,838,432	683,843
Secondary Spend	171,873	177,029	182,185	187,342	192,498	197,654	202,810	207,966	213,123	218,279	1,950,759	195,076
Total Income	774,378	797,609	820,841	844,072	867,303	890,535	913,766	936,997	960,229	983,460	8,789,191	878,919
Expenditure												
Staffing	321,786	331,440	341,093	350,747	360,400	370,054	379,708	389,361	399,015	408,668	3,652,273	365,227
Premises	144,854	148,661	152,754	156,847	160,941	165,034	169,127	173,221	177,314	181,407	1,630,159	163,016
Admin and Marketing	12,422	12,794	13,167	13,539	13,912	14,285	14,657	15,030	15,403	15,775	140,984	14,098
Supplies and Services	86,422	89,015	91,607	94,200	96,793	99,385	101,978	104,571	107,163	109,756	980,889	98,089
Overhead/ Support Costs	30,975	31,904	32,834	33,763	34,692	35,621	36,551	37,480	38,409	39,338	351,568	35,157
Total Expenditure	596,459	613,813	631,455	649,096	666,738	684,379	702,021	719,662	737,304	754,945	6,755,873	675,587
Operational Surplus(Loss)	177,920	183,796	189,386	194,976	200,566	206,155	211,745	217,335	222,925	228,515	2,033,318	203,332
Below the line costs												
Sinking Fund (SF)/Lifecycle repairs etc	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	150,000	15,000
Capital Cost Repayment	-	-	-	-	-	-	-	-	-	-	-	-
Sub Total	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	150,000	15,000
Gross Surplus / (Loss)	162,920	168,796	174,386	179,976	185,566	191,155	196,745	202,335	207,925	213,515	1,883,318	188,332

Summary: Option 2

- 4.16. The facility mix for Option 2 has been based on stakeholder consultation, industry trends and experience of successful income generating facilities. As stated above, the facility mix is less flexible than Option 1 but is likely to attract repeat visitors from a wider geographical area. The facility is likely to be busiest during evenings, weekends and school holiday periods with birthday parties being a significant income generator for the facility.
- 4.17. Option 2 could be described as a 'destination' concept rather than an everyday facility for residents of Nelson. Although this has been priced appropriately based on the area, it is unlikely that Tag Active / Ninja Warrior would be used on a daily basis by residents. In this instance, Trafalgar House would have a lower throughput than Option 1 at 101,923 per year, but a greater spend per visit resulting in an overall better financial position.
- 4.18. This facility would complement others managed by PLT, such as Pendle Wavelengths leisure water and spa, located within close proximity of Trafalgar House. There is the expertise within PLT to manage a facility such as Tag Active / Ninja Warrior, whereas Option 1 may require additional support when the facility is a wedding/event space.
- 4.19. Option 2 still has the dedicated boxing club on the first floor, with an outsourced rental of £7k per annum. These figures are based on assumptions from other schemes, and these may change in the future.
- 4.20. Option 2 would be an exciting facility for both residents of Pendle and surrounding areas. The facility is expected to make a healthy operational surplus and the mix of Tag Active alongside the basement levels facilities would result in an attractive facility predominantly for younger people, improving the lives of this demographic within Nelson.
- 4.21. **Based on the Trafalgar House being redeveloped with the facilities stated above, the anticipated financial surplus to PLT is expected to be £188,332 per year.**
- 4.22. **Again, what is less tangible is the additional social value, improved physical activity levels, social opportunities, reduced anti-social behaviour and improved overall health of residents of Nelson and Pendle.**

5. Summary Revenue Comparison for Option 1 and Option 2

- 5.1 The information in Table 15 provides a visual comparison of both options to determine the most viable option for PBC. Although the better option financially appears to be Option 2, this does not consider capital costs or the social value of developing each facility. These will be assessed at full feasibility stage.

Table 15: Overview of Option 1 and Option 2 – Financials

Facility	Option 1	Option 2
Total Cost of refurbishment	TBC	TBC
Annual capital repayment cost (pru borrowing)	TBC	TBC
Income	£786,357	£878,919
Expenditure	£683,100	£675,587
Operational Surplus (Loss)	£103,257	£203,332
Throughput	194,311	101,923
Social Value (£)	TBC	TBC

Figure 1: Total Income comparison – Option 1 & Option 2



Figure 2: Total Expenditure comparison – Option 1 & Option 2

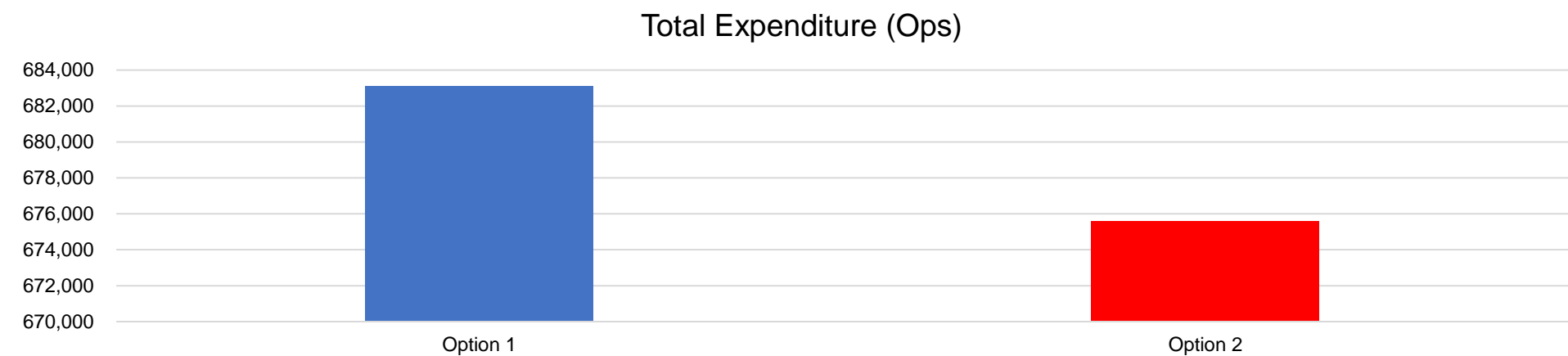


Figure 3: Total Income per visits comparison – Option 1 & Option 2

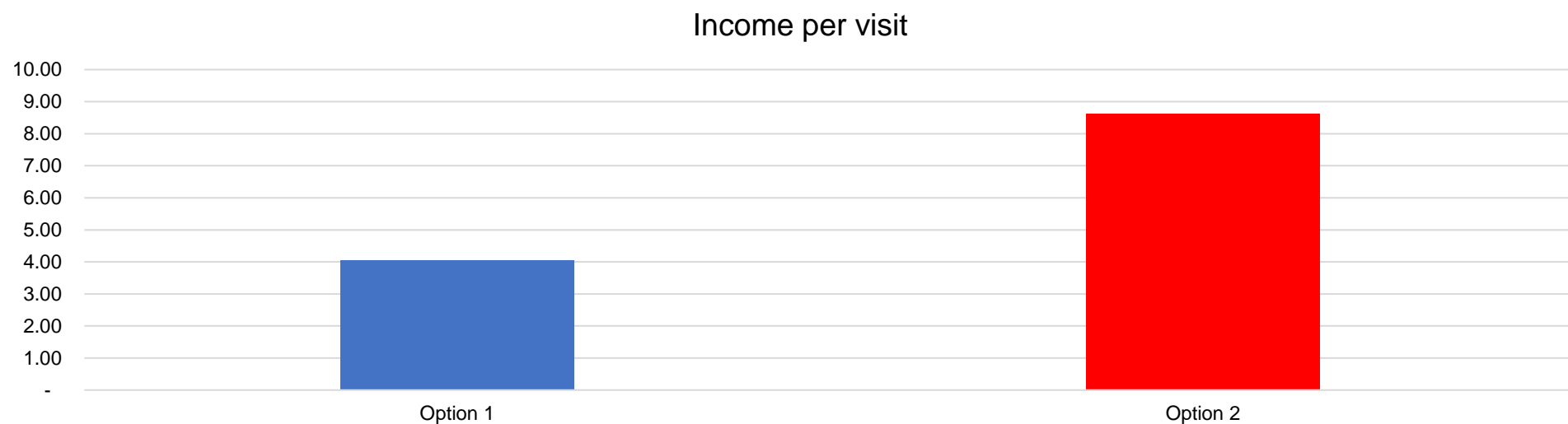


Figure 4: Operating Profit and Loss comparison – Option 1 & Option 2

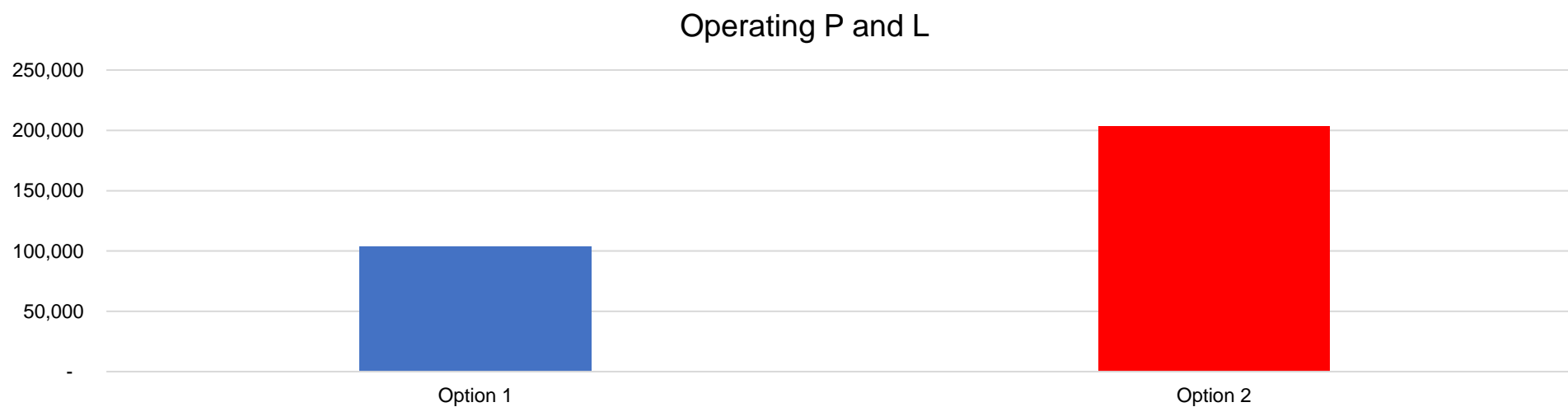


Figure 5: Total Throughput comparison – Option 1 & Option 2



- 5.2 As a comparison, Option 1 generates less income but serves more residents of Nelson, bringing more local people to the town on a regular basis. Option 2, as a destination concept generates a higher operational surplus but the facility is less likely to engage local residents on a daily basis due to the inflexible nature of Tag Active / Ninja Warrior as a facility.
- 5.3 Option 1 provides for a wide range of ages and demographics due to its flexibility for large scale events and the presence of the Citizen’s Advice Bureau on site. Collocating activities with services such as these would increase usage on this site.
- 5.4 Option 2 is more appealing to teenagers and young adults with a thriving birthday party market due to Tag Active/Ninja Warrior offer. The facility would be used regularly due to the basement facilities and boxing club on the first floor. The majority of the income is generated through the Tag Active facility, as shown in Appendix 1 (revenue models).
- 5.5 Based on the above, both options can make a financial surplus and improve the overall economy of Nelson. From an operational perspective, Option 2 would be easier to manage as all facilities are permanent features, however as trends change over time, additional investment may be required to dismantle and change Tag Active / Ninja Warrior as a concept. Both facilities may require additional investment in equipment as trends change across a ten-year period. Based on this, Option 1 would be easier to adapt due to the multipurpose nature of the space.
- 5.6 Expenditure is similar for both options, Option 1 requires more activity coordinators and casual staff, again, due to the multi-use nature of the ground floor facilities. From an operational perspective, staffing would remain relatively constant for Option 2 as the timetable would be similar most weeks.

- 5.7 Although specific measurements have not been undertaken, social value is expected to be greater for Option 1, due to the wider range of activities on site and the flexibility of the space(s). Learie Constantine (whose name is potentially associated with the facility), was a professional cricketer, and this would be a predominant feature of Option 1 as a concept. There is huge demand for cricket within Pendle, particularly within diverse communities and this could be a great way of engaging with harder to reach residents.

6. Conclusions and Recommendations

- 6.1. This report considers two options for the redevelopment of Trafalgar House in Nelson. As part of the Towns Deal, this project should increase dwell time in the Town Centre, generate income and support the overall redevelopment of Nelson.
- 6.2. The facility mixes for both options have been determined through consultation with identified stakeholders, many of whom are young people from Nelson and the surrounding towns and villages. Based on this consultation it is clear that the provision of new facilities alone will not improve the overall economy of Nelson, there are several other barriers that will need to be addressed simultaneously such as public safety, public transport and accessibility.
- 6.3. Trafalgar House is one part of a much wider regeneration programme. Facilities such as Pendle Rise Shopping Centre will also be redeveloped and this report refers to potential considerations on this site such as modern food markets, desirable retail e.g. Primark and New Look, coffee shops, delis, and boutique cinemas. It is important that future facilities in Nelson complement one another, particularly if they are all owned by PBC.
- 6.4. This option appraisal considers Trafalgar House as a venue for leisure, activity, and skill development. Option 1 focusses on engaging as many residents as possible through providing specific facilities for entertainment purposes, complemented by multipurpose space for large events and sporting opportunities. Of the two options, this facility is likely to have the greatest impact on local people in Nelson but would be more difficult to operate, particularly when hosting large events such as weddings.
- 6.5. Option 2 provides many of the same facilities as Option 1 but rather than multipurpose space, the ground floor is a dedicated Tag Active / Ninja Warrior facility. This option would likely result in a more advantageous financial position and would be more efficient to operate when compared with Option 1. However, this may be more of a 'destination' facility providing for people who do not live in Nelson, rather than being perceived as a local facility for its residents.
- 6.6. Both options are likely to be financially viable. PBC, Raise and Brookhouse Developments should consider which option adheres to the objectives of the Towns Deal. As mentioned above, these options are not exhaustive and there are other viable facilities for Trafalgar House moving forward.
- 6.7. This report shows the likely financial positions of both options if operated by Pendle Leisure Trust (PLT). Further work is required to determine the optimum management of this facility through a management options appraisal.
- 6.8. Prior to determining the future of Trafalgar House, structural assessments are required to determine the feasibility of the facilities stated within this report. Furthermore, there will be the requirement to undertake architectural RIBA stages to deliver design and cost certainty on this development.
- 6.9. This report has demonstrated that redeveloping Trafalgar House can be a viable option for PBC, Brookhouse Developments for the greater good of Nelson as a town.

6.10. The next steps should be the following:

- Additional consultation with PBC, Raise, Brookhouse Development and the potential operator of the facility i.e. PLT
- Confirmation of final facility mix
- Preparation of architects/design specification
- Relevant structural surveys
- Refined Business Plan based on cost certainty through the RIBA stages
- Management Options Appraisal
- KPI/Outcome Setting
- Relevant procurement routing

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