Editorial

WHAT PRICE THE DOME?

So, the Dome has closed its doors to paying (and frequently not-paying) customers. Six-and-a-half million people have tested for themselves whether it provided 'one amazing day'. If the customer surveys are to be trusted, nearly 90 per cent of them thought that it did! Yet the Dome is still provoking many column inches of criticism and hostility. Why? Is it just because the media have taken against it — or has it been an enormous waste of public money? No doubt every reader has his or her own opinion, but for the whole leisure development industry it is disappointing that the scheme has been so pilloried. Any development which is seen 'not to work' will make it more difficult for other schemes to receive backing.

Within leisure development circles, it is well known that formulae which are not tried and tested carry risks, and many start-up schemes which in the long term are financial successes do run into short-term difficulties, both foreseen and unforeseen. To underpin success requires a strong management team, good design and an exciting concept. But it also needs a location that offers visitors easy accessibility — and commitment on the part of its sponsors. So, why is the Dome widely regarded as a failure? As a scheme it relied entirely on public transport yet it drew in top visitor numbers, more indeed than almost any other attraction; and all this while still in its first year of trading. *Prima facie*, such a scheme would appear to bear the hallmarks of a success, particularly when its regenerative effects are taken into account.

The issue, of course, is complex. Perhaps the key phrase is 'taken into account'. One of the factors that becomes obvious from reading the National Audit Office¹ report on the Dome is that there was a lack of clarity of just what should be taken into the account of the Dome. Should its financial balance sheet — or account — include the remediation of a site that was heavily contaminated? Should the long-term benefits in terms of regeneration of the Greenwich peninsula be credited — in part or in full? How critical and necessary were the revenue losses incurred? Could it have subsequently traded at a revenue surplus?

Certainly the financial investigations and appraisals that would normally be carried out by any leisure developer prior to committing moneys would appear not to have been carried out in accordance with private sector techniques. But then this was a political and socially motivated scheme, as is explored by Neil Ravenscroft and his colleagues in their thought-provoking analysis contained in this issue.

APPRAISING LEISURE SCHEMES: THE ROLE OF LEISURE IN THE CITY

To my mind the issue of appraisal is the real question that the Dome raises. The whole concept of leisure provision, embraced by many as new, has been an intrinsic part of land use patterns not just for decades but across the centuries. As both Angus McIntosh and Tony Walker argue in their papers, leisure properties have always been with us and have played significant roles in shaping our towns and cities. What *is* new is the preoccupation with a requirement to justify in simple terms — the ‘bottom line’ — the rationale for development.

Certainly, to the commercial developer and operator financial return must be the prime consideration, and this issue of the Journal, with its papers by Nathalie Doury and Bill Stonor for example, provides insights into how success can be created in financial terms. But leisure provision is something that is not always associated with the pursuit of financial gain. Public bodies have long adopted the ambition of creating an environment and facilities to aid relaxation and recreation — for public health reasons if no other. This principle is, indeed, enshrined in the new urban white paper² which states that the government sees culture, sport and leisure as becoming increasingly important in determining quality of life.

However, for the government and other public bodies the payback is not in financial return alone — despite the strict controls on accountability. It is in terms of social and environmental well-being as well as money: the ‘triple bottom line’ as it is increasingly being known; and this brings us back to appraisal. The familiar techniques of discounted cash flow (DCF) and payback no longer provide the answers or give rise to benchmarks of performance. A longer-term perspective or a new way of analysing success will increasingly be required.

But this is probably still for the future. In the present, those working in the industry are trying to come to terms with more pressing issues. The requirement to improve our towns and cities has already fed through to planning issues, and Iyer’s paper provides an important slant on some issues crucial to developers.

AN INTERNATIONAL STAGE

The issue of transport and planning policy may be seen to have impacted on the face of UK cities — but it is not just a domestic issue. Leisure is an international market — whatever the UK’s eventual decision on the euro may be. In this issue of the Journal several contributions, notably those from Harris and Camp, explore the European perspective. As many UK developers seek to widen their market base, the need to develop detailed knowledge of what is happening in other domestic economies becomes vitally important — for leisure more than most other forms of property developments, because leisure is so much steeped in cultural

heritage. There is no guarantee that formulae which work within the UK context will lead to success in, for example, Spain. All our contributors provide detailed analysis which will help to deepen our understanding. Who knows, the Dome might even have been heralded as a triumph in another country!

Sarah Sayce
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References

1. National Audit Office (2000) *Report on the Millennium Dome*, London:NAO.
2. DETR (2000) *Our Towns and Cities: The Future Delivering an Urban Renaissance*, London: DETR.

ERRATUM

We regret that Figure 3 from 'The future for leisure property in the UK', by Stuart Morley and Chris Evans, was incorrectly printed in the *Journal of Leisure Property*, Volume 1 Number 1. The correct figure is reproduced below.

Source: DETR, GVA Grimley