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DATE: 12 March 2015

EXECUTIVE

Meeting to be held on Tuesday 24 March 2015

Please see the attached report marked "to follow" on the agenda.

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Report No.
DRR15/020

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: EXECUTIVE

Date: Wednesday 25 March 2015

Decision Type: Non-Urgent Executive Non-Key

Title: CRYSTAL PALACE PARK

Contact Officer: Colin Brand, Assistant Director Leisure and Culture
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Chief Officer: Director of Regeneration & Transformation

Ward: Crystal Palace;

1. Reason for report

- 1.1 The Exclusivity Agreement with ZRG expired on 1st February 2015. This Exclusivity Agreement has not been renewed.
 - 1.2 Following the end of the ZRG exclusivity agreement, the Crystal Palace Park Executive Board and Community Stakeholder Group wish to twin track the setting up of a new form of governance for the park; and a delivery plan for the park, bringing to fruition aspects of the Masterplan, to realise capital receipts and create revenue generating activity, to enable a sustainable business model for a new form of governance.
 - 1.3 Additionally, in July 2014 Members agreed to contribute £160k capital receipts towards the Crystal Palace Park Improvement Scheme. The July report DRR14/069 committed to bringing a further report back to Members in March 2015 following the feasibility works, to confirm which projects would be delivered and to confirm the £1.84m balance of funding from the GLA is secure.
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2. **RECOMMENDATION(S)**

That Members: -

- 2.1 **Note the expiry of the Exclusivity Agreement with ZRG.**

- 2.2 Approve the exploration and development of a sustainable business plan for the establishment of an alternative management option for Crystal Palace Park, as set out in section 3. The progress made on this business planning work will be reported back to Members in autumn 2015, with an expected request to Members to proceed with the formation of a Trust or other not-for-profit management option.**
- 2.3 Agree to contribute up to £495k capital receipts and to add to the capital programme for the development of an alternative management option and a capital scheme for the improvement of the park in line with the Masterplan, as set out in section 3.**
- 2.4 Approve in principal that capital receipts generated through the implementation of the Masterplan will be reinvested in the park, contributing to the development of a sustainable business plan for the park.**
- 2.5 Approve the delivery of the six Crystal Palace Park Improvement Scheme projects at a total cost of £2.16m, subject to any necessary statutory consents, as set out in section 4.**
- 2.6 Note the confirmation of the £1.84m from the GLA (subject to formal confirmation on the 10th March).**
- 2.7 Agree that the £1.84m balance of funding from the GLA will not directly lead to a reduction in revenue funding for the park, and that additional income from the café will be ring fenced for the park, as set out in section 4.**
- 2.8 Approve the marketing of a new café lease. The lease for the new premises will be tendered on the open market.**

Corporate Policy

1. Policy Status: Existing Policy
 2. BBB Priority: Quality Environment
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Financial

1. Cost of proposal: £2.16m for improvement schemes and £495k towards alternative management option
 2. Ongoing costs: None expected
 3. Budget head/performance centre: Crystal Palace Park
 4. Total current budget for this head: £299k£160k, £495k and £2m
 5. Source of funding: Existing revenue budget, capital receipts, GLA funding
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Staff

1. Number of staff (current and additional): N/A
 2. If from existing staff resources, number of staff hours:
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Legal

1. Legal Requirement: None
 2. Call-in: Applicable
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): In 2006 the park's visitor numbers were estimated at 1.68 million.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments?
2. Summary of Ward Councillors comments:

This park is a major resource and the setting up of a community based trust is no small challenge. However we believe the time is right, the proposals sound and that the community has the capacity and abilities to work with the Council to deliver along these lines.

NB. The content of this report was discussed at the Crystal Palace Executive Project Board meetings on the 9 February 2015 and the 26 February 2015. A local ward councillor is a member of this Board and was present at both meetings.

3. COMMENTARY

Exclusivity agreement with ZRG

- 3.1 At the 16th October 2013 Executive Committee (report no. DRR13/131) Members agreed to grant ZhongRong International Group (ZRG) an exclusivity agreement for a period of 16 months, to allow negotiations to take place between ZRG and the Council on the development of a capital scheme on the top site of Crystal Palace Park. ZRG's proposal was to rebuild the Crystal Palace on the top site, and restore the wider park in line with the agreed Masterplan. The cost of implementing the Masterplan was estimated at £100m, and therefore this proposal had potential to be of huge financial benefit to the park.
- 3.2 However the Council were unable to come to an agreement with ZRG during the 16 month period on a number of key conditions including the extent of the demise and the term of the lease on the land. Additionally ZRG deleted any provision for the wider park from the proposed agreement, meaning that their proposal no longer saw the benefit of the Masterplan being realised.
- 3.3 The Exclusivity Agreement with ZRG expired on 1st February 2015. The Council provided ZRG with 14 calendar days, after the expiry date, to confirm agreement to a number of conditions which would need to have been included in any new Exclusivity Agreement with ZRG. These conditions were not agreed by ZRG and therefore the Exclusivity Agreement was not renewed.
- 3.4 The letter sent by the Council to ZRG on the 24th February confirming the end of discussions is included as Appendix A to this report. Given that the Exclusivity Agreement is no longer in place it is recommended that a new strategy for the park is now progressed, which aims to produce a sustainable business model for the park and deliver aspects of the Masterplan.

Progressing a sustainable plan for Crystal Palace Park

- 3.5 Following the end of the Exclusivity Agreement with ZRG the Crystal Palace Park Executive Project Board membership wish to progress the development of a new strategy for the park: the twin track setting up of a new form of governance for the park; and a delivery plan for the park, to bring to fruition aspects of the Masterplan, which has outline planning permission in place, to realise capital receipts and create a revenue generating activity, to enable a sustainable business model for a new management model, e.g. a Trust.
- 3.6 It is anticipated that a sustainable business plan for the park will be possible and may include: utilising Capel Manor to provide a lower cost grounds maintenance service, developing the events and activities programme, a commercial business being built on the top site (such as a restaurant), and car parking charges being introduced.
- 3.7 To progress this work two new fixed term officer posts will be required for two years, a project manager and a supporting officer. The cost of this is estimated to be £195k. The two posts will report to the Executive Project Board, which will act as a shadow Trust or similar, and manage the set-up of the new governance and management model, including the Terms of Reference and membership. The shadow body will coordinate the production of a sustainable capital development and business plan for the park, to be delivered by a new governance and management body, if it then took over responsibility for the park. This would likely be autumn 2017.
- 3.8 On Saturday 21 February the Community Stakeholder Group invited groups who were actively engaged in improving the park to a meeting to discuss future park governance and the set-up of a Trust or similar. This group prepared a statement following this meeting sharing their vision for the future management model and demonstrating their support, Appendix B. If

Members approve the set-up of a Trust or similar, the Community Stakeholder Group will work with the Council to engage the wider community in its development. The engagement of local communities, in the setting up and support of an ambitious programme of change and investment in the park, is critical.

- 3.9 To inform the development of a new community led governance and management body, specialist advice in park governance and potentially Trust formation will be required. The initial estimated cost of this specialist advice is £50k.
- 3.10 In tandem with the set-up of a new Trust or similar to manage Crystal Palace Park, officers will pursue options for the delivery of aspects of the Masterplan, including developments which generate a capital receipt, and ongoing revenue, including a new visitor offer on the top site of the park. The purpose of this work will be to create a deliverable scheme for the park which provides the Trust or similar body with capital to deliver Masterplan improvements, for which outline planning permission is in place, and revenue to manage, maintain and improve the park going forward. Any capital receipts generated through the implementation of the Masterplan will be reinvested in the park, contributing to the development of a sustainable business plan for the park.
- 3.11 There is an aspiration for continued improvement of the park, the enhanced quality of any development, and the implementation of aspects of the Masterplan. This work will support this ambition and has the potential to lead to the regeneration of the surrounding area. A restored and well used park can have a significant impact on the growth and transformation ambitions for the communities and centres that surround it.
- 3.12 To inform the delivery of a capital scheme in the park specialist advice will be required, particularly regarding options for and feasibility of a development on the top site. The cost of this is anticipated to be £250k.
- 3.13 Members are therefore asked to agree to allocate a sum of £495k from capital receipts to progress this plan for the park. The GLA will be asked to consider match funding. This money will be reimbursed by the new Trust or similar, to the Council, when capital receipts are realised.
- 3.14 Whilst this work is progressed the GLA will be continuing work to determine the future of the National Sports Centre (NSC) which is situated in the centre of the park and has a direct impact on the park's future.
- 3.15 If the recommendations in this report are agreed, another report will be brought back to Members in the autumn updating Members on progress and confirming timescales and the anticipated delivery programme. By this time it is expected that the future of the NSC will have been determined, which has potential to impact on the scope of work.

Crystal Palace Park Improvement Scheme

- 4.1 Kinnear Landscape Architects (KLA) was appointed, through a competitive tender process, in October 2014 to assess the feasibility of, and produce concept designs and detailed costings for, the nine improvement projects identified through public consultation in June 2014.
- 4.2 Stakeholder consultation was undertaken in January 2015 on KLA's developing designs and options for the delivery of the nine projects. This consultation feedback has been considered alongside KLA's findings, to determine the recommended way forward for the Crystal Palace Park Improvement Scheme.
- 4.3 The feasibility works found the two parking removal projects are not viable at this time due to their relationship with the NSC and their usage patterns. The central car park is used by

coaches for NSC events which could not be easily displaced elsewhere. Additionally the removal of large numbers of day-to-day visitor parking would impact on local roads which cannot be supported. However, greening the park is a high priority to many stakeholders including Bromley and the GLA, and therefore it is proposed that other areas of hard standing are considered for removal instead.

- 4.4 The feasibility works also found that the concert platform will cost in the region of £650k to restore. Once it is restored its uses are very limited as a performance venue. Expert analysis has indicated the platform is not suitable for pop concerts, full orchestras or many other performance types. It would only be suitable for small scale community not-for-profit use, and would not generate an income. The auditorium would require approximately £100k to bring in to use due to the drainage complications at the site. Draining this area would impact on the whole water management of the site. The Masterplan recognised these problems and proposed that the auditorium should take on a new use. Other uses for the platform suggested during consultation, such as transforming the building in to a café or restaurant, could be considered in the future, outside the remit of this scheme of works. This project is not considered viable at this time.
- 4.5 The £2.16million budget will not enable all the remaining viable projects to be delivered to a high standard; therefore it is recommended that the conservation of the Paxton basin is not taken forward to delivery either. The conservation of the Paxton basin received little support during the consultation, and English Heritage has said that although the basin structure is part of Paxton’s grand design, it is now an isolated element and has slight presence without the supporting ensemble.
- 4.6 Consequently the following six projects will be taken forward to delivery: Conservation of the dinosaurs, building of new café, conservation of the six sphinxes, removal of hard standing, removal of turnstiles, and building of a new skate park. The Crystal Palace Park Executive Project Board has endorsed this way forward. The following table details how the budget is expected to be divided between the six projects, and it also lists those projects that are not being taken forward:

Project	Original Budget	Revised Budget
	£'000	£'000
<u>Projects to be delivered</u>		
Conservation of the dinosaurs	400	400
Building of new café	200	840
Conservation of the six sphinxes	153	145
Building of a new skate board	300	435
Removal of hard standing	0	160
Removal of turnstiles	75	55
Feasibility costs	160	125
Total	1,288	2,160
<u>Projects not being taken forward</u>		
Conservation of Paxton Basin	213	0
Removal of central parking	371	0
Removal of central axis parking	48	0
Concert platform restoration	237	0
Total estimated capital costs	2,157	2,160

- 4.7 The decision to significantly increase the café budget was made because of the wider benefits it brings to the park. The Masterplan vision is to create a double height storey café. By implementing this vision the café will develop a new relationship with the dinosaur island and

support the interpretation of the historic Grade 1 listed models. The second storey will provide additional space allowing for private hire as well as additional café seating during the busy summer months. This new café building will also attract a higher quality operator and yield an increased annual income for the park.

- 4.8 As the delivery of the scheme progresses the costs will be closely monitored. A contingency of 10% has been allowed at this stage within the assigned budgets produced by a quantity surveyor. If the delivery costs increase, the scope will be reduced. This will ensure that the total budget is not exceeded. A competitive tender process will be undertaken to procure the services of contractors to deliver the capital works. Until the contractors' bids are received the exact costs will not be known. To ensure value for money the scheme will be divided in to three specialist packages tendered out separately. The project timetable shows that work is expected to start on site this autumn, with some projects being delivered fairly quickly and others such as the café taking longer.
- 4.9 The GLA's Investment and Performance Board met on the 10 March 2015 to approve the provision of £1.84m from the GLA's budget towards the delivery of the scheme. This money, along with the £160k already provided by the GLA for the feasibility stage and the £160k from capital receipts as agreed by the Executive in July 2014 makes up the £2.16m total.
- 4.10 The GLA require a commitment from Bromley that any income generated as a result of their investment in the park, in this case the café, will be reinvested in the park and not directly used to subsidise revenue provision. A consequence of delivering the building of a new café will be that the arrangement with the current operator will have to be terminated and a lease of the new café will be tendered on the open market.

5. POLICY IMPLICATIONS

- 5.1 The Park is shown with various designations and policies in the Development Plan (Bromley Unitary Development Plan and the London Plan). There is an outline planning permission from 2010 ('Masterplan'), this is subject to planning conditions and a planning agreement. Development in the park may require planning consents and, when projects reach the appropriate stage, applications may be required.

6. FINANCIAL IMPLICATIONS

- 6.1 As mentioned above, the Exclusivity Agreement with ZRG expired on 1st February 2015.
- 6.2 This report is requesting approval to explore and develop a sustainable business plan for the establishment of an alternative management option for the park and to progress a capital scheme to improve the park in line with the Masterplan. In order to progress this work, agreement is sought to allocate a sum of £495k from capital receipts and to add the scheme to the capital programme. The table below summarises how the £495k will be spent: -

	2015/16	2016/17	Total
	£'000	£'000	£'000
Employment of two fixed term officers	97	98	195
Specialist advice (park governance & trust formation)	50	0	50
Feasibility cost for development of top site	125	125	250
Total estimated costs	272	223	495

- 6.3 It is expected that a sustainable business plan can be developed by providing a lower cost grounds maintenance service, development of the events and activities programme for the park, establishment of a commercial business on the top site, such as a restaurant and by introducing car parking charges. Member approval will be sought to proceed with the formation of a Trust or other not-for profit management option.
- 6.4 Members are also asked to agree in principal that any capital receipts generated from the delivery of the Masterplan will be reinvested in the park. It is expected that the £495k will be reimbursed to the Council and that the GLA will be asked to contribute funding to the implementation of the plan.
- 6.5 Following the completion of the initial feasibility work agreed by Members in July 2014, it is proposed that six projects are taken forward at a total estimated cost of £2.16m, including the feasibility costs. This will be funded from £160k capital receipts and £2m from the GLA (confirmed on 10 March 2015). The table below summarise the scheme costs and funding: -

Projects	Budget £'000
Conservation of the dinosaurs	400
Building of new café	840
Conservation of the six sphinxes	145
Building of a new skate board	435
Removal of hard standing	160
Removal of turnstiles	55
Feasibility costs	125
Total	<u><u>2,160</u></u>
Funding	
GLA	2,000
LBB (capital receipts)	160
Total Funding	<u><u>2,160</u></u>

- 6.6 This Crystal Palace Improvement scheme is already included in the capital programme, with a value of £2.16m.
- 6.7 In accepting the GLA Funding, the Council must make a commitment to reinvest any income generated as a result of this capital funding, back into the park and not directly use it to subsidise revenue provision.

7. LEGAL IMPLICATIONS

- 7.1 The current café operator has the benefit of a periodic tenancy which is protected under the Landlord & Tenant Act 1954. The Council will therefore have to serve a minimum of 6 months' notice to terminate that tenancy and will have to be able to comply with the requirements of s30(1)(f) of the Act in relation to the proposed development. Provided the redevelopment proposal is approved and planning permission is granted the requirements should be complied with and the Council will be able to resist any application for a new tenancy of the existing café by the operator.

In relation to the new café, the Council has a statutory duty under s123 of the Local Government Act 1972 to obtain the best consideration reasonably obtainable if granting a lease in excess of 7 years, and this obligation will be complied with by tendering the lease of the new premises on the open market.

Non-Applicable Sections:	Personnel
Background Documents: (Access via Contact Officer)	Crystal Palace Park Interim Projects Consultation and Recommendations, June 2014 Crystal Palace Park Improvements, July 2014

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