

Decision Maker: EXECUTIVE

FOR PRE-DECISION SCRUTINY BY THE RRH PDS

Date: RRH PDS: Tuesday 11 February 2020
Executive: Wednesday 12 February 2020

Decision Type: Non-Urgent Executive Key

Title: CRYSTAL PALACE PARK

Contact Officer: Lydia Lee, Assistant Director Culture and Regeneration
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Chief Officer: Assistant Director Culture and Regeneration

Ward: Crystal Palace;

1. Reason for report

To provide a progress update on the regeneration of Crystal Palace Park, and to seek authority in relation to taking forward the restoration of the Crystal Palace Subway.

2. **RECOMMENDATION(S)**

That Members of the RRH PDS: -

2.1 **Note the contents of this report and make any comments available to the Executive.**

That Members of the Executive: -

2.2 **Note the contents of this report, namely information regarding the submission of the Regeneration Plan's Outline Planning Application.**

2.3 **Subject to obtaining the approval of Full Council, approve the addition of the Subway project to the Capital Programme at a cost of £3.141m on the basis of the scheme costs being fully funded by grants from the Strategic Investment Pot, Historic England, and TfL, and a contribution from the Friends of Crystal Palace Subway.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: The Regeneration Plan will have a positive impact on vulnerable adults and children. The park is an unrestricted public space and leisure facility which is easily accessible by public transport and car.
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Corporate Policy

1. Policy Status: Existing Policy
 2. BBB Priority: Regeneration
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Financial

1. Cost of proposal: £3.141m estimated for the Crystal Palace Subway scheme
 2. Ongoing costs: N/A
 3. Budget head/performance centre: New capital programme provision for the Crystal Palace Subway scheme; Crystal Palace Park Alternative Management Options capital programme in respect of the Regeneration Plan.
 4. Total current budget for this head: Capital programme provision of £1.12m in respect of the Regeneration Plan.
 5. Source of funding: Crystal Palace Subway scheme: grants from the Strategic Investment Pot, Historic England and TfL and a contribution from the Friends of Crystal Palace Subway.
Regeneration Plan: capital receipts
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Personnel

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

1. Legal Requirement: Non-Statutory - Government Guidance
 2. Call-in: Applicable
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Procurement

1. Summary of Procurement Implications: The correct procurement process has been undertaken to date under advice from the Head of Procurement. This report has no procurement considerations.
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): A recent survey estimates that the park receives 1.4m visits each year.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Yes
2. Summary of Ward Councillors comments: None received however the request for comments was made very late by the report author.

3. COMMENTARY

- 3.1. The detailed background to this report is set out in report no. DRR17/029.
- 3.2. At the July 2017 meeting of the Executive, progression of the Crystal Palace Park Regeneration Plan and the submission of the Outline Planning Application was approved. The report proposed that the costs would be fully met from a combination of capital receipts from the sale of housing land and external grants. In January 2020 the Outline Planning Application was finally submitted. This report sets out the current issues and next steps in relation to the Crystal Palace Subway.

Background summary

- 3.3. Crystal Palace Park has been in decline for almost 100 years. From its original conception the park struggled with mounting costs, and just at the point where its fortunes were turning the Crystal Palace burnt down. The destruction of the palace was closely followed by the Second World War, and its historic landscape was severely damaged as a consequence.
- 3.4. Subsequent interventions, such as the introduction of the National Sports Centre, failed to regenerate the park long-term, and the park is well-known for the many unsuccessful schemes that have been proposed over the years. The London Borough of Bromley took responsibility for the park in the 1980s and in the 1990s delivered a grant funded restoration project in part of the South of the park, focussed on the Grade I listed dinosaurs. Whilst successful at the time, current knowledge about the dinosaurs shows that a far more radical approach needs to be taken to ensure their long term future.
- 3.5. In 2007 a Masterplan for the park was developed by the then London Development Agency (LDA). This Masterplan received planning consent in 2010, however the LDA never identified a route for delivery mainly because it was costed at £80m in today's money. Note that this sum relates to the park's regeneration only and not the development and restoration of the National Sports Centre, which was included in the Masterplan but costed separately. The planning consent expires later this year on the 13th December 2020 unless reserved matters are submitted.
- 3.6. In 2014 an Improvement Scheme led by LBB was agreed for the park. These works were largely funded by a grant and included: the restoration of the sphinxes and south terrace steps, dinosaur conservation and interpretation, a new skatepark, a new café, and the removal of hard standing and improvements to access. These works have all been completed and the café and skatepark have proved incredibly popular.
- 3.7. In 2017 a developed Regeneration Plan for the park was presented to Members, to build on the momentum of the Improvement Scheme. The Regeneration Plan takes a three pronged approach to secure the sustainable future of the park: a capital scheme, a new business model and a new approach to governance.

The Regeneration Plan

- 3.8. The Regeneration Plan's Outline Planning Application has now been submitted. The planning application is for the scheme as presented to committee in 2017, the only significant change is to the footprint of the maintenance and training building which has been designed by Capel Manor.
- 3.9. The 2017 version identified a long thin building next to the museum for maintenance and training alongside the Ledrington Road site which had been identified in the 2007 Masterplan as a new location for Capel Manor. Ledrington Road is no longer considered

a suitable development site because of the significant engineering costs associated with building over a train line therefore this building has been removed from the plan completely. Instead Capel Manor has developed plans for the site next to the museum, with a revised footprint, complemented by proposed changes to their existing farm site.

- 3.10. The significant delay to the submission of the Regeneration Plan has primarily been caused by differences in opinion with the Greater London Authority in relation to the housing sites. The housing sites – Rockhills and Sydenham Villas – have been designed to host 210 units. The sale of this land for housing would be ring fenced to fund the park’s regeneration in a mechanism known as enabling development. Surprisingly developing these sites for housing will actually lead to a net gain in parkland rather than a loss, because both sites are currently inaccessible to the general public.
- 3.11. Under normal planning policy, Council owned land developed for housing, should include 50% affordable, however in the case of enabling development the capital receipt wants to be maximised for the community benefit gained by restoring and regenerating the park. This principle was established by the 2007 Masterplan. The former Mayor of London Ken Livingstone, and the then Secretary of State, stated when granting permission for the Masterplan, that due to the special needs of Crystal Palace Park and the importance of maximising the proceeds from the housing sites, no element of affordable housing would be required. This planning permission as set out in para 3.5 is still extant.
- 3.12. The cost of delivering the Regeneration Plan is now estimated at £40m, half the cost of the 2007 Masterplan. This includes staffing, legal and planning costs incurred by the Council, alongside contingency, inflation over the next five years, fees, and a park endowment in addition to the actual works. This estimate has increased by approximately £10m since the estimated costs were reported in 2017. The primary reasons for the increase are that quotes have been obtained for the key works and are higher than anticipated (particularly in relation to the terraces), further knowledge on the condition of the dinosaur landscape has more than doubled the likely cost of their conservation and the delays have also cost money both due to inflation and the continuing deterioration of the historic fabric.
- 3.13. The value of the housing land is estimated at £24m. Given that the cost of the scheme is estimated at £40m it is imperative that the housing land value is maximised, to reduce the challenge of bridging the gap. The three main grant funding sources are the National Lottery Heritage Fund, the National Lottery Community Fund and Historic England. The Council may be able to secure in the region of £8m from these funders. Therefore a funding gap is currently forecast, however this will be better understood once the housing sites have gone to market and their value is known rather than estimated.
- 3.14. Consequently LBB will continue to make the case during the planning determination period as to why zero affordable housing should be accepted in this instance, and has set out through the enabling case why very special circumstances apply.
- 3.15. If all the monies to deliver the full Regeneration Plan cannot be secured the Council will either look at options to deliver part of the Regeneration Plan, as long as planning conditions in relation to the housing receipts allow, or it will not be implemented.
- 3.16. The capital regeneration includes the full repair of the dinosaurs, new playgrounds, a new information centre, restoration of the terraces, new entrances and paths improving accessibility, new lighting, infrastructure repairs eg drainage, new car parks, and high quality horticulture. The works will transform the park and restore the historic assets, however they are modest. None of the grand and costly ideas of the original Masterplan

are included e.g. the large new greenhouses. Importantly the works fully support the business model by creating new accessible spaces that can host significant events

- 3.17. It should be noted, as set out in para 3.55 within report no. DRR17/029, that whilst there is no expectation of requesting any significant funding from the Council to bridge the forecast gap, it is likely that the Council will need to demonstrate an element of match funding for the grant bids. However, the enabling development approach allows for money spent by the Council to date to develop the scheme to be included in the overall costs that can be recovered from the housing development's capital receipts. Therefore the £40m project cost of the Regeneration Plan tentatively includes a reimbursement to the Council of the £1.12m committed to progress to the Outline Planning Application stage thus far. Any match funding required would be within the £1.12m, effectively recycling the monies spent to date.
- 3.18. Once the Outline Planning Application is approved a report will be brought to the Executive setting out next steps in relation to Reserved Matters, and seeking authority to take the housing sites to market.

The Crystal Palace Park Trust

- 3.19. The Shadow Board has now become a constituted Trust and they are currently going through the process of securing charitable status. The Trust has worked closely with the Council to progress the Regeneration Plan to this point.
- 3.20. Given the likely time period of five years to implement the Regeneration Plan following planning approval, the Trust is keen to look at other ways in which they can start taking a lead role in the park, rather than waiting for the capital scheme to be completed before taking their potential role as the new governing body for the park.
- 3.21. Therefore officers are working with the Trust to explore the potential of the Trust taking responsibility for the park's events programme within the next 18 months. Events are a key part of the future sustainability of the park and are identified as a primary source of income in the new business model. Therefore it would be a sensible step forward to enable the Trust to start developing a new events programme for the park.

The Crystal Palace Subway

- 3.22. As set out in report no. DRR19/058 in 2019 officers made an application to the Strategic Investment Pot for a grant of £2.34m to restore the Grade II* Subway. The grant application had at that time been recommended for approval and since then the grant has been confirmed, 25% of the grant monies will shortly be transferred to the Council up front of the work commencing.
- 3.23. The total cost of restoration is estimated at £3.141m. This estimate is inclusive of all costs including fees, and is based on a detailed condition survey and cost plan work undertaken in 2014 with a prudent 48.5% inflation added due to the specialist nature of the structure, 10% contingency added and 5% dilapidation costs added.
- 3.24. Therefore an additional £801k is forecast to be required to progress the scheme. The Friends of Crystal Palace Subway are contributing £5k and the Council's Highways team are applying for £296k from Transport for London. The stability of the Subway is linked to the stability of Crystal Palace Parade and they have previously given grant monies for strengthening works on this site.
- 3.25. The remaining £500k required is expected to be awarded by Historic England. Officers are engaged in detailed discussions in relation to this grant award and have been given

as much certainty as is reasonable that this grant application will be successful. However because of the terms of their grants the grant application has to be made in two stages.

- 3.26. Firstly the Council is required to go out to tender for the conservation architect-led team to review the current condition and produce detailed drawings as well as a specification for works. This has been done. Once the Council has completed the procurement process and is ready to award the contract, the Council can apply to Historic England for 50% of the cost of this first phase of work. This first phase of work is expected to cost in the region of £250k, therefore the grant from Historic England is likely to be around £125k in the first instance.
- 3.27. Then, once this work is completed, the Council is required to go out to tender for the actual works contract. Again, once the Council has completed the procurement process and is ready to award the works contract, the Council can apply to Historic England for a further grant to fund the restoration work itself. Historic England has indicated that in total, over the two phases, they will support a grant application of £500k. Therefore the second grant is likely to be in the region of £375k.
- 3.28. This two phased grant process does create risk, as there is always the possibility that the first phase is completed, and money spent, and then the remaining grant monies needed for works are not fully secured. However this has already been mitigated to a degree by the prudent nature of the cost forecast, and other measures could be undertaken to reduce the costs of the works themselves. For example not reinstating the glass roof, which is currently debateable anyway for security and maintenance reasons, although the cost has been allowed for in the forecast at this time.
- 3.29. Once the restoration is complete the Subway is planned to become a new cultural destination for South London. This use for the historic building was originally set out in the 2007 Masterplan and has been carried in to the Regeneration Plan. An outline business case was produced as part of the SIP grant application demonstrating its suitability for events and temporary outdoor exhibitions. The restoration will also allow the Council to progress the potential of engaging a commercial partner for the site, who would fund the cost of ancillary visitor facilities at ground level linked through to the Subway, creating further prospects for the site.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 4.1 The Regeneration Plan, which includes the restoration of the Subway, will have a positive impact on vulnerable adults and children. The park is an unrestricted public space and leisure facility, which is easily accessible by public transport and car.
- 4.2 The park is designed for public enjoyment and education, and includes the popular dinosaurs which are a unique London attraction. The Regeneration Plan will improve access and public enjoyment and will increase the amount of high quality freely accessible public land within the park. The park provides green space for many local families who do not have access to gardens of their own.

5. POLICY IMPLICATIONS

- 5.1 The park is shown with various designations and policies in the Local Plan and the London Plan). There is an outline planning permission in place for the 2007 Masterplan, which has established the planning principles.

- 5.2 The Regeneration Plan requires a separate planning consent. The approach that has been taken has been to submit an Outline Planning Application for the whole scheme, with detailed reserved matters to follow specific to the delivery phases.

6. FINANCIAL IMPLICATIONS

Regeneration Plan

- 6.1 The cost of progressing the Regeneration Plan to the submission of the outline planning application is funded from within the Capital Programme provision of £1.12m approved by the Executive on 19 July 2017 (report no. DRR17/029). This was on the basis that the Regeneration Plan itself would be self-financing i.e. that the total costs of the scheme including capital works, fees and support would in the main be met by funding generated from capital receipts from land sales and external grants and contributions.
- 6.2 The latest cost estimate is now £40m. However, current funding projections estimate capital receipts of £24m with income from grants of £8m i.e. total potential funding available of £32m. Whilst officers will continue to seek additional sources of funding and to maximise capital receipts from the land sales, options will be developed to deliver elements of the Regeneration Plan within the total resources generated from the Plan and there is no expectation for further significant Council funding, notwithstanding the potential requirement for an element of costs already incurred to provide match funding to leverage in grants.
- 6.3 Once the total funding available from capital receipts and grants has been determined, cost estimates will be finalised and options developed to deliver a self-financing Regeneration Plan. Financial modelling will also be undertaken to explore the potential impact of key financial risks and potential changes to any key assumptions, such as land values. Cash flow forecasting will also help inform the treasury management impacts from any short-term financing deficits. A further report will then be submitted to the Executive setting out those options and scheme details for approval and including in the Capital Programme as part of the Council's capital strategy process.

Crystal Palace Subway

- 6.4 The estimated cost of the restoration is £3.141m, to potentially be funded as follows:

Strategic Investment Pot	£2.340m
Historic England grant	£0.500m
TfL (highway works)	£0.296m
Friends Group	<u>£0.005m</u>
Total	<u>£3.141m</u>

The Strategic Investment Pot funding is secured as reported to the Executive on 16 October 2019 (report no. DRR19/058), with an advance of 25% expected in the near future.

- 6.5 The funding application to TfL to complete the highways stability works is being progressed. The Historic England grant is expected to be awarded but confirmation is subject to the tendering and procurement process set out above. This process does create risk to the Council from the need to spend money in order to progress the scheme and the grant application which potentially will not be confirmed until after those commitments have been made.

- 6.6 In order to progress the scheme, an addition to the Capital Programme of £3.141m is required on the basis that this will be fully funded by grants and contributions. At this stage, this will enable the Council to progress the initial stages of the project to facilitate the works to be grant funded by the Strategic Investment Pot and Historic England only. This is expected to cost £0.250m.
- 6.7 No further costs will be committed until the outcome of the grant applications from Historic England and TfL have been confirmed. At that stage, a further report will be submitted setting out final scheme costs and sources of funding, and confirming the total capital programme provision.

7. LEGAL IMPLICATIONS

- 7.1 The council has various legal powers available to hold and develop its landholdings and buildings including parks.
- 7.2 The report provides members with an update of the regeneration of Crystal Palace Park Project. It also seeks an endorsement of a decision to spend monies to progress the restoration of the Crystal Palace Subway and to include the cost of stage one of this project in the Councils capital programme.
- 7.3 The report notes the point reached with regard to planning and sets out various options and scenarios which will need to be properly appraised and developed as the project evolves. Officers will need to obtain legal advice as appropriate including compliance with procurement rules, Contract Procedure Rules, grant conditions and any land and highways related issues .

Non-Applicable Sections:	Personnel implications; procurement implications.
Background Documents: (Access via Contact Officer)	Crystal Palace Park: Regeneration Plan, July 2017, DRR17/029 Strategic investment Pot, October 2019, DRR19/058