



LEE VALLEY REGIONAL PARK AUTHORITY
EXECUTIVE COMMITTEE
20 JULY 2017 AT 10:30AM

Agenda Item No:

5

Report No:

E/512/17

CAPITAL PROGRAMME UPDATE – SMALL INVESTMENT SCHEMES UPDATE

Presented by the Director of Finance & Resources

EXECUTIVE SUMMARY

This report provides an update to Members on the progress of planned investment schemes from the capital programme and seeks approval for the Director of Corporate Services to be given delegated authority to grant variations to the existing lease arrangements for both the Trust and British Canoeing as described in the body of the report. Both of these variations will require consent from Sport England.

RECOMMENDATIONS

- Members Note: (1) the updates provided within the report.
- Members Approve: (2) the granting of delegated authority to the Director of Corporate Services to grant a variation to the existing lease to Lee Valley Leisure Trust at Lee Valley White Water Centre as set out at paragraph 14 of this report; and
- (3) the granting of delegated authority to the Director of Corporate Services to grant a variation to the existing lease to British Canoeing at Lee Valley White Water Centre as set out at paragraph 15 of this report;

BACKGROUND

- 1 The Authority entered into a 5 year Leisure Services Contract (LSC) with the Lee Valley Leisure Trust Limited (the Trust) commencing on 1st April 2015. Members approved the Capital Programme in December 2016 (Paper E/470/16) which included the provision for a number of investment schemes across the Lee Valley venues up to £6m across the 2016/17 to 2018/19 period. The total £885,000 pa returns from 2019/20 for these projects were also built into the mid-term financial forecasts and the forward projections for the Leisure Services

Contract Management fee in future years.

PROJECT UPDATES – LEE VALLEY WHITE WATER CENTRE

- 2 The Trust is responsible for the operation of Lee Valley White Water Centre (LVWWC) as part of the LSC which ends on the 31st March 2020. As part of the contractual arrangements the Trust remit is tasked with exploring the commercial potential of all Authority venues and maximising this potential in partnership with the Authority.
- 3 An officer working group, (including officers from both the Authority and the Trust), was set up to work through the business case and project details for investment schemes; present these schemes for sign-off by the Joint Authority/Trust Senior Officer Team and subsequently present these to Members for approval.
- 4 In February 2017 (Paper E/481/17) Members were updated on the progress of these smaller schemes and advised that projects were due to come back to Members for approval. This paper is also providing a further general update to Members.

5 Beach & Play Park (£400,000 Investment)

Originally intended as a 'temporary water park', Members approved a revised scheme in March 2017 (Paper E/487/17), the Beach & Play Park will open to the public on 22 July 2017. This chargeable attraction is aimed at the 8-14 year old and family markets and will consist of the biggest man made beach in Europe featuring flexible sporting configurations, and a number of giant inflatables such as the World's Biggest Bouncy Castle, a 12m high slide, and over 150m of inflatable assault course.

The project is on budget and on track to deliver this year's £40,000 net financial return as approved by Members in March 2017 (Paper E/487/17).

6 Café Counter Re-development (£575,000 Investment)

The LVWWC café counter project was approved by Executive Committee in June 2017 (Paper E/512/17) and will transform the entire café area. The project aims to ,deliver greater efficiency and an improved customer experience by:

- Reduced serving and queuing times.
- Improving the quality and range of the food offer.
- Address Health & Safety issues for staff.
- Reduce the need to employ extra staff at peak times.
- Generate more revenue from catering sales.

The objective is to change the current offer consisting of a singular counter and seating, into three distinct outlets for different customer groups: a grab 'n' go café offer; hot food servery counter; and a formal bar. This solution is currently out to tender and the planned installation period is September through to mid-October to ensure works take place whilst using the external T Bar as the primary outlet. The project is estimated to deliver an additional annual net return of £75,000.

7 Kitchen (£500,000 Investment)

Industry specialists have commenced a piece of work to establish kitchen size and configuration requirements and options to further facilitate the catering offer and ensure that the offer is future proofed against increasing demand. This project is separate to the café counter but will impact on the venue's existing office space. Work is underway to establish greater detail but the early indications are that this project is likely to cost circa £500,000 inclusive of a kitchen extension into the existing offices and subsequent relocation of this office space. A paper will be brought back to Members in due course once a design and a business development proposal is fully worked through.

8 Staff Office Accommodation (£75,000 Investment)

Originally proposed as identifying short and long term solutions to address the lack of office space given the significant growth in the venue's visitor usage and staffing establishment since opening, this project has for now only focussed on the short to mid-term solution, given the possibility of larger scale investment at this venue in the longer-term future which could include office space. Cedar clad temporary cabins have been procured and are due to arrive on site through June and July. This does not relate to (and is a separate item from) the existing office accommodation displacement that would result from the potential kitchen redevelopment described in paragraph 6 above.

8 Pavilion Extension (£100,000 Investment)

Officers are still assessing and planning the next steps regarding the reconfiguration and/or extension of the Pavilion servery. The objective is to extend the serving area with a hot food servery, shop and to provide further overall weather-proofing. Officers will report back on this project in due course.

9 Play Area by Pavilion (£50,000 Investment)

Works will be completed w/c 26 June 2017 on the new play area by the Pavilion. The successful design tells a story of rafting in the wild, is aimed at toddlers as with the rest of the Pavilion offer, and will be launched for the Summer Splash weekend 1/2 July 2017.

10 T Bar Reconfiguration (£100,000 Investment)

A company have been procured and works will take place over the coming months and into the start of the school summer holidays. The project consists of the external T Bar outlet being reconfigured and having elements of its equipment upgraded to better meet business needs. The BBQs are to be replaced with higher capacity charcoal ovens, the fryer unit and coffee machines are being upgraded, the ventilation system is being replaced and uprated to rectify the existing issue regarding insufficient ventilation, and the staff and service flow is being improved.

11 Covering Decking (£400,000 Investment)

Officers are currently working to produce a comprehensive brief for the requirements for a covered decking solution to protect out of season café income and during periods of inclement weather. The brief will ensure that the

project is appropriately future proofed, links effectively with the existing venue's operations, and facilitates the delivery of the scale and nature of the booking enquiries being received. The brief will go out to tender once finalised and updates will be provided in due course.

12 Covering Swale (£400,000 Investment)

A temporary marquee has been hired for the 2017 season to assist with identifying all requirements for a longer term solutions. The marquee will be on site to accommodate bookings already taken between mid-June and the end of October. This temporary solution includes toilets and basic kitchen facilities and will be followed up by a review to consider the mid to long term solution. This temporary approach is to test the business case for a semi-permanent structure to include a kitchen, bar and toilets. This area could be used for VIP and corporate hospitality during major events as well as providing a hire venue for events and occasions, for example, weddings.

13 Reception Reconfiguration (£100,000 Investment)

Requirements for enhancements to the reception area at the venue are being assessed throughout the 2017 season with some temporary operational changes being made to more accurately assess the value of long term potential solutions.

14 Boundary extension (No Specific Allocation in Capital Programme)

It is proposed to extend the northern boundary of the venue to incorporate a triangle of land just cutting into River Lee Country Park. From an operational perspective this would provide additional overflow car parking which would likely be used by staff as opposed to customers, additional event overflow capacity, and also bring the main borehole for the venue into the venue's boundary for security. The cost of works is likely to be small and will be managed from the existing asset management budget.

Members are requested to grant the Director of Corporate Services delegated authority to grant a variation of the existing lease for this venue to the Trust. This will also be subject to formal approval from Sport England.

15 British Canoeing Compound Extension (No Specific Allocation in Capital Programme – 100% Funding from British Canoe Union (BCU))

British Canoeing have proposed an extension to their existing compound within the car park at the venue. This is to facilitate the move of the entire slalom team to the venue creating more space for rest and recovery, their talent identification schemes, and to facilitate a larger gym facility. The extension can be accommodated within the red-line operated by the Trust subject to the variation of the lease arrangement to accommodate the extension to the boundary taking place as described in paragraph 14 above. British Canoeing will be paying for all works and the plan is to obtain planning consent in the next two months with a November/December 2017 construction period.

Members are requested to grant the Director of Corporate Services delegated authority to grant a variation to the Authority's lease with BCU extending the boundary of their current lease. This will also be subject to formal approval from Sport England.

16 Bin Compactor Compound (£75,000 Investment)

Provisional proposals for a bin compactor compound have been drafted and these will be explored further should the boundary extension be approved. This project would improve the visitor experience by reducing the amount of bins visible by the entrance to the building and free up much needed internal storage space for the venue's operations. Appropriate screening will need to be in place to minimise the impact on the River Lee Country Park.

Further work will take place if the extension to the boundary is approved as the project is contingent on this additional space being made available, however provisional estimates are that this would cost circa £75,000.

PROJECT UPDATES – OTHER PROJECTS

17 Feildes Weir Marina (£2m Investment)

A detailed feasibility study was commissioned by industry specialists and concluded that there is not enough space at Feildes Weir for the number of boats required to make this a financially viable project. Their guidance is that a leisure marina project only begins to become viable if more than 100 boats can be accommodated and Feildes Weir can only accommodate a maximum of 95. The feasibility study considered the financial impact of varying proportions of residential moorings but even with a 50% share of these the payback period did not make the project viable. As such the project is now considered closed.

18 Riding Centre Weatherproofing (£150,000 Investment)

This project addresses the lack of useable facilities at Lee Valley Riding Centre in inclement weather and as such a cover for the outdoor ménage. The business case has been approved by Senior Officers but delayed due to the wider Lea Bridge Road master planning exercise and following London Borough of Waltham Forest's initial concerns about isolated planning applications in this area.

19 Springfield Marina Island Moorings (£250,000 Investment)

Whilst officers have approved the project detail in principle the Authority does not own the Island site which is in the freehold ownership of the London Borough of Hackney (LBH). Authority officers are considering options with LBH to acquire the island site. The island site is land but landlocked as such and only accessible by the water which forms part of the existing moorings at Lee Valley Marina, Springfield.

A paper will be brought back to Members in due course once the discussions with London Borough of Hackney have been concluded but it is likely that the discussions will continue to be protracted which is often the nature of these matters.

20 Hayes Hill Farm Weatherproofing (£250,000 Investment)

An externally commissioned report has been received setting out initial drawings and indicative costs for options of covering elements of the existing farmyard to give greater undercover space for the farm's offer. Elements which are being

explored include creating undercover animal show space, creation of additional Food & Beverage, and significant additional undercover seating.

Given the scale of investment; the time left within the current contract (2 years 8 months); capacity to deliver this project; the need to widen the brief to master-plan the whole site (including the business operating model at Holyfield as well as Hayes Hill) and review the whole customer offer, Senior Officers have concluded that this project would be better reviewed as part of the retender exercise of the existing Leisure Services contract.

21 Athletics Centre Fitness Offer/Kitchen/Servery (£350,000 Investment)

A provisional feasibility study has been received for proposed solutions for widening the fitness and catering offer at Lee Valley Athletics Centre. Discussions are ongoing on the detail of these solutions and officers will keep Members updated as these progress.

ENVIRONMENTAL IMPLICATIONS

- 22 The granting of any extension to the lease for a boundary extension at LWWC will be after all environmental considerations have been addressed.

FINANCIAL IMPLICATIONS

- 23 There are no new financial implications arising directly from the recommendations in this report. The current capital programme earmarked sufficient resources to implement the schemes as set out in this report and with some schemes that are now potentially deferred/not progressing expenditure will fall within the existing budget allocation. Performance against capital expenditure budgets will be monitored and reported through the quarterly Capital Programme Budget Monitoring reports, and delivery against revenue projections will be monitored through the Revenue Monitoring reports presented to Executive Committee.

The deferral of some schemes may impact on the Leisure Services Contract management fee to the Trust in future years as projected income from these schemes will not be achieved. However, the impact on future increased income of not progressing those schemes is only one part of assessing and agreeing the management fee – with other factors such as over-performance at existing venues eg the Velopark/LWWC in past 2 years, improved performance from existing schemes eg Dobbs Weir, inflation and other service efficiencies achieved in the Trust influencing the overall management fee to be determined as part of the budget process going forward.

Appendix A to this report summarises the current estimated capital position in relation to these schemes and the estimated net revenue impact.

HUMAN RESOURCE IMPLICATIONS

- 24 There are no human resource implications arising directly from the recommendations in this report.

LEGAL IMPLICATIONS

- 25 The lease arrangements with the Trust flow from the LSC. Any variation to the

lease will be granted on the same terms. The Authority has a direct lease with British Canoe Union which runs until 2019 and any variation will also be granted on the same terms. Both variations will also be contracted out from the provisions of section 24 – 28 of the Landlord and Tenant Act 1954. This prevents an automatic right to renew.

RISK MANAGEMENT IMPLICATIONS

- 26 Failure to deliver a capital investment projects could lead to poorer customer experiences at specific venues with increased complaints and adverse publicity as well as not achieving targets set within the forward financial plan. This could result in the Authority failing to achieve its corporate objectives within the time span that was originally anticipated. This is mitigated in part by existing reporting and monitoring processes that ensure Management and Members are aware of the impact and can respond accordingly to minimise any adverse impact.

EQUALITY IMPLICATIONS

- 27 There are no equality implications arising directly from the recommendations in this report.

Author: Simon Sheldon, 01992 709 859, ssheldon@leevalleypark.org.uk

PREVIOUS COMMITTEE REPORTS

Executive	E/512/17	LSC Monitoring Report E/512/17	22/06/2017
Executive	E/511/17	LVWWC Projects – Café Counter Redevelopment	22/06/2017
Executive	E/498/17	Capital Programme: Provisional Outturn 2016/17	25/05/2017
Executive	E/487/17	LVWWC Projects – Inflatable Visitor Attraction	23/03/2017
Executive	E/470/16	Proposed capital Programme 2016/17 (Revised) To 2020/21	15/12/2016

APPENDICES ATTACHED

Appendix A Smaller Schemes Revised Budget Allocation & Revenue Targets

LIST OF ABBREVIATIONS

LVWWC	Lee Valley White Water Centre
LSC	Leisure Services Contract
BCU	British Canoe Union
LBH	London Borough of Hackney

	CAPITAL INVESTMENT			NET REVENUE IMPACT			
	2017/18 Revised Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	Total Estimate £'000	2017/18 Revised Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Lee Valley White Water Centre							
Beach & Play Park	400	0	0	400	40	78	100
Café Counter	575	0	0	575	0	75	75
Kitchen	0	500	0	500	0	0	0
Staff Office Accommodation	75	0	0	75	0	0	0
Storage	0	0	0	0	0	0	0
Extend Pavilion	100	0	0	100	10	10	10
Play Area Near Pavilion	50	0	0	50	10	10	10
Extend T Bar	100	0	0	100	10	10	10
Covering Decking	0	400	0	400	0	0	100
Covering Swale inc Bridge	400	0	0	400	0	75	75
Reception Reconfiguration	100	0	0	100	0	5	5
Boundary Extension	0	0	0	0	0	0	0
British Canoeing Compound	0	0	0	0	0	0	0
Bin Compactor	0	75	0	75	0	0	0
Other Sites							
Fields Weir Marina	0	0	0	0	0	0	0
Riding Centre Weatherproofing Menage & Livery arena	0	0	0	0	0	0	0
Marina Springfield Island	0	250	0	250	0	0	50
Farm Weatherproofing	0	0	0	0	0	0	0
Athletics Centre Fitness Offer/Kitchen/Servery	0	350	0	350	0	0	75
Total	1,800	1,575	0	3,375	70	263	510
Original Capital Programme/Medium Term Plan	4,050	1,500	0	5,550	35	635	885

