



LEE VALLEY REGIONAL PARK AUTHORITY

EXECUTIVE COMMITTEE

21 MAY 2015 AT 10:30

Agenda Item No:

5

Report No:

E/404/15

ICE CENTRE FEASIBILITY STUDY – PHASE 3

Presented by the Chief Executive

EXECUTIVE SUMMARY

Following a Scrutiny Committee review of the Lee Valley Ice Centre, Executive Committee approved the commencement of a feasibility study in April 2012 (paper E/203/12). IPW Consultants were commissioned in April 2013 to undertake a two-part feasibility study to determine the viability of developing new or refurbished ice facilities.

This report summarises the findings of phases 1 and 2 and proposes that a third phase of the feasibility study be undertaken.

RECOMMENDATIONS

- Members Approve:
- (1) the commencement of phase three of the Ice Centre Feasibility Study;
 - (2) the outline brief as summarised in para 17 of this report;
 - (3) the allocation of an additional £20,000 from the Authority's General Reserves to fund the Feasibility Study as outlined in paragraph 21 of this report.

BACKGROUND

- 1 The Scrutiny Committee meeting on 24 March 2011 agreed to undertake a review of the Lee Valley Ice Centre (LVIC). The conclusion of the Scrutiny review was that LVIC was operating successfully was in generally good condition and had achieved a high degree of user satisfaction.
- 2 The management of the Centre coped well with competing demands for ice time from a number of user groups and were commended for their commitment and achievement. However two major issues were identified which could impact on future performance of LVIC:

- **Size/Facilities** - the ice pad size (56x26m) and limited spectator capacity (700) means its unable to effectively compete as a venue for entertainment and ice hockey events which require a 60x30m ice pad (Olympic size) and a greater spectator capacity of 2,500 plus;
- **Capacity** - the venue operates 19 hours per day and has no operationally safe way of increasing its capacity within the confines of its current facilities.

Therefore the Scrutiny Committee recommended to Executive Committee that a feasibility study of LVIC be undertaken (paper E/203/12). The Executive Committee agreed this recommendation at their meeting on 19 April 2012 and a budget of £50,000 was agreed.

- 3 IPW Consultants were commissioned in April 2013 to undertake a two-part feasibility study to determine the viability of developing new or refurbished ice facilities which was completed in August 2013. A summary of the outcomes from the two phases is set out below.

FEASIBILITY STUDY – PHASE 1

- 4 Phase 1 of the feasibility study focused on:

- reviewing the provision of ice;
- operational performance; and
- opportunities and threats in the market.

- 5 The consultants work in this phase of the study included:

- a review of socio-demographic information (including projected population growth) for London and the wider region;
- an analysis of travel time and catchment consideration for LVIC, including the impact of proposed new rail links;
- comment upon the impact on LVIC of proposed closures/openings of regional ice facilities;
- a review of ice sport trends and national governing body priorities; and
- a headline review of current programming and recent financial performance recognising that the Authority's stated objective is that LVIC should be able to consistently operate with a nil operating subsidy by 2015.

- 6 The phase 1 findings were:

- although a popular and well used venue, LVIC is 30 years old and it is acknowledged by the Authority as being in need of investment in order for it to retain and build on its market position and local/regional value;
- the London and regional ice rink market has historically been very competitive and Lee Valley and the surrounding area was served by a number of venues in the region, including facilities in Lambeth, Haringey and Chelmsford;
- proposed new ice rinks will increase competitive pressure on LVIC as they will be offering quality, appealing modern facilities within the wider catchment;
- LVIC has an exciting opportunity to redefine its role and deliver a high quality ice rink, supporting the venues on Queen Elizabeth Olympic Park

- and helping to deliver a fantastic sporting legacy from London 2012;
- there is demand for improved or additional ice facilities to preserve LVIC's market position and its value to the region.

7 A number of LVIC's primary competitors were highlighted as either investigating or in the process of delivering significant capital improvements to their provision. Since completion of this phase Streatham Ice Rink reopened in September 2014 consisting of a single pad (60x30m, Olympic size) with spectator seating for 1000. This new south London venue has not impacted on LVIC user numbers. Romford Ice Rink is still to obtain funding and has current plans for a single pad (56x26m) with minimal spectator seating.

FEASIBILITY STUDY – PHASE 2

- 8 The focus of phase 2 was on reviewing strategic and financial options for ice provision and market testing comparisons. This included a series of options from retaining LVIC as it is to investing in significant new facilities:
- existing facility with £1m capital investment in refurbishment;
 - new facility with 60x30m pad, developed in addition to existing rink;
 - new twin pad facility (both 56x26m) with modest seating;
 - new twin pad (one 56x26m, one 60x30m) facility (both 60x30m); 2,000 spectator seating;
 - new twin pad (one 56x26m, one 60x30m) facility (both 60x30m); 4,000 spectator seating.
- 9 In all cases the Authority sought to understand capital cost and revenue sustainability, event opportunities, profile and competitive implications, as well as short and long term ability to meet demand for skating in the region.
- 10 National governing body priorities and likelihood of financial support were evaluated and work was undertaken to identify potential funding and financial solutions for any new ice provision.
- 11 The phase 2 findings were:
- there was demand for additional/improved ice facilities to preserve LVIC's market position and its value to the region;
 - a new build twin Olympic pad facility was identified as the optimum solution for balancing (financial) operating and competition drivers and delivering a high quality regional ice centre;
 - due to significant additional capital costs associated with this solution it may be unaffordable for the Authority to fund alone and third party funding would be required, principally from Sport England (SE);
 - the most economic, deliverable and operationally sustainable solution would be to deliver a new Olympic ice pad.
- 12 Since the completion of this phase the international federation has now accepted that the optimum would be a twin pad with one 60x30m pad with 2,500 spectator capacity and one 56x26m pad with minimum spectator seating. This is the basis of which the new national centre in Cardiff has been designed.
- 13 Based on phase 2 findings the consultants recommended that the Authority seek to develop and refine the options for future delivery of new ice facilities

primarily based around the opportunity to deliver a twin pad ice rink which would have specific regional value and appeal for London and beyond, preserving and supporting the delivery of ice sports in the Lee Valley.

- 14 A number of funding sources were identified which would potentially contribute to the delivery of a new Olympic ice pad. These specifically include:
- borrowing against projected revenue surpluses;
 - Authority capital funding and SE grant funding.

The financing of such a solution through the use of prudential borrowing on surplus revenues plus potential grant support from regional bodies was stated to be the most economical way forward.

- 15 The Authority officers have had initial discussions with SE in relation to the possibility of a funding contribution to this project. SE responded positively at this early stage, they suggested flexibility is built into the design to allow for multi ice sports including speed skating and curling as well as the traditional ice dance and free skating. The next stage of the Feasibility Study will look at other sources of potential capital funding including private sector investors.

LVIC PERFORMANCE 2013/14-2014/15

- 16 The performance of LVIC over the past two years has shown a significant improvement both in terms of increased usage and level of surplus. The two year performance is summarised in Appendix A to this report. In addition the Centre has demonstrated its regional value with its usage data showing usage from most London Boroughs. A breakdown of regional usage is set out in Appendix B to this report.

NEXT STEPS - STAGE 3

- 17 In order to further validate the preferred option and understand deliverability officers are seeking Members approval to conduct phase 3 of the LVIC Feasibility Study that will focus on:
- evaluate the relative suitability of potential sites within the Lee Valley Regional Park for a twin pad ice centre;
 - develop a detailed business model, looking at industry best practice, setting out the rationale for the proposed mix of facilities and activities within any proposed development;
 - provide the capital costs for proposed development option;
 - determine capital funding model options;
 - carry out stakeholder engagement.
- 18 The next stage of the Feasibility Study will allow the following key decisions to be taken:
- a) Proceed with the development of a new twin pad ice centre at a chosen site?

- or
- b) Significant investment in LVIC to allow it to continue to operate at the current level for the next 5-10 years?
- or
- c) Closure of LVIC in the next 3-5 years with no replacement centre planned?
- 19 The timeline for the phase 3 works are as follows:
- May to July 2015 – procure consultant;
 - August to December 2015 - project scope to be delivered;
 - January/February 2016 – recommendations to Authority Members.
- 20 A Project Team will be formed to deliver the outcomes and inputs from this commission, this will include:
- the Consultant, as Project Manager;
 - Authority officers:
 - Chief Executive/Head of Sport and Leisure;
 - Head of Planning;
 - Head of Property;
 - Trust officers:
 - Trust Director;
 - LVIC Manager.
- 21 Members are asked to approve a budget of £50,000 to deliver phase 3, £30,000 already secured in existing budgets, £20,000 would need to be taken from the Authority's General Reserves.

MEMBER ENGAGEMENT

- 22 Members will be engaged during the feasibility process with periodic reports and discussions on key aspects of the exercise.

ENVIRONMENTAL IMPLICATIONS

- 23 There are no environmental implications arising directly from the recommendations in this report.

FINANCIAL IMPLICATIONS

- 24 A budget of £50,000 was approved for the Feasibility Study by the Executive Committee (paper E/203/12). £20,000 was spent on phases 1 & 2. It is estimated that up to £50,000 will be required for the more detailed phase 3, subject to the outcomes of the procurement process. It is proposed that £20,000 is found from General Reserves to add to the £30,000 remaining from the LVIC Feasibility Study budget.

HUMAN RESOURCE IMPLICATIONS

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

LEGAL IMPLICATIONS

- 26 There are no legal implications arising directly from the recommendations in this report.

RISK MANAGEMENT IMPLICATIONS

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

EQUALITY IMPLICATIONS

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

Author: Dan Buck, 01992 709 896, dbuck@leevalleypark.org.uk

PREVIOUS COMMITTEE REPORTS

Executive Committee	E/203/12	Review of the Lee Valley Ice Centre	19 April 2012
---------------------	----------	-------------------------------------	---------------

APPENDICES ATTACHED

Appendix A	LVIC 2 year performance
Appendix B	Regional Usage breakdown

LIST OF ABBREVIATIONS

LVIC	Lee Valley Ice Centre
SE	Sport England

Lee Valley Ice Centre

Performance 2013/14-2014/15

	Income	Expenditure	Subsidy/ Surplus	Usage	Local Users	Regional	National	International	Customer Satisfaction	Net Promoter Score	Quality Score
2014/15*	£1,228,000	£1,111,000	-£117,000	342,000	35%	62%	3%	0%	82%	42%	87%
2013/14	£1,183,000	£1,116,000	-£67,000	338,000	41%	43%	15%	1%	78%	48%	89%

*Includes £30,000 underspend on Feasibility Study

Programme Breakdown % of time for each activity Total Hours per week 131

Activity	Number of Hours	Percentage
Public Skating	33	26%
Learn to Skate	3.5	2%
Patch Ice	40	31%
Junior Ice Hockey	10	8%
Rec and Senior Hockey	35	26%
Resurface	9.5	7%

Lee Valley Ice Centre

Visitor Profile

Area	Borough	Number of Visitors
London Boroughs	Barking	8,267
	Barnet	1,740
	Bexley	1,740
	Brent	2,611
	Bromley	2,611
	Camden	1,305
	Croydon	1,305
	Ealing	1,740
	Enfield	10,878
	Greenwich	8,702
	Hackney	51,344
	Hammersmith and Fulham	1,740
	Haringey	8,702
	Harrow	435
	Havering	14,794
	Islington	13,924
	Kensington and Chelsea	870
	Lewisham	1,740
	Merton	870
	Newham	19,580
	Redbridge	55,695
	Richmond	435
	Southwark	3,916
Sutton	435	
Tower Hamlets	26,107	
Waltham Forest	54,824	
Westminster	435	
Essex	Basildon	1,305
	Braintree	1,305
	Brentwood	1,740
	Castle Point	435
	Chelmsford	1,305
	Colchester	870
	Epping	14,794
	Southend	435
	Thurrock	3,481
	Uttlesford	3,046
Herts	Broxbourne	435
	East Herts	2,611
	Hertsmere	870
	St Albans	435
	Three Rivers	435
	Watford	435
	Total	300,687
National/Overseas	11,313	
GRAND TOTAL	342,000	