



LEE VALLEY REGIONAL PARK AUTHORITY
EXECUTIVE COMMITTEE
22 FEBRUARY 2018 AT 11:00

Agenda Item No:

5

Report No:

E/546/18

LEE VALLEY ICE CENTRE TWO STAGED TWIN PAD OPTION

Presented by the Head of Sport & Leisure

EXECUTIVE SUMMARY

This paper provides Members with a Lee Valley Ice Centre twin pad project update and seeks approval for £325,000 of funding from the capital programme provision for Lee Valley Ice Centre to progress a potential two phased twin pad option.

The Lee Valley Ice Centre twin pad design has progressed well but the project cost of circa £38million will prove challenging with funding options and uncertainty around commitment posing a significant risk to the project, particularly over the next two years. The current facility (which even after its investment last summer) will require significant investment after 2019/2020 to continue operating in the medium term.

Officers have investigated an alternative approach that a twin pad ice facility can remain the aspiration but allowing delivery of a single pad with many of the commercial benefits required for a regional venue. This proposed approach will retain the project's momentum, decouple from any other projects and give the Authority the required information to make a decision in the summer regarding the future of ice in the Lee Valley.

RECOMMENDATION

Members Approve: (1) the allocation of £325,000 from the capital programme provision for Lee Valley Ice Centre to fund the works detailed within this report.

BACKGROUND

- 1 Over the past eight months, the Lee Valley Ice Centre twin pad project has reached stage 2 of the 7 stage RIBA process. The project has progressed well with a developed stage 2 design completed (including build cost and associated business plan - circa £1.3million pa surplus) that will underpin the venue's viability.

The proposed venue footprint is 10,030sqm which is the same size as Ice Sheffield but with extra facilities (including a 100 station gym, 1,000 more seats and two extra changing rooms) so it's as streamlined as it can be with the facility

mix the Authority has scoped. The total project cost to deliver the design from stage 2 to 7 is estimated at £38million which includes a contingency of 20%. To progress the current Lee Valley Ice Centre Twin Pad project to stage 4 (final design and planning) £1.7million would be required to fund the process.

- 2 Funding for the new facility was mainly centred around the Authority attracting external funding and or any funding obtained from Authority assets as part of the Land and Property Strategy. As detailed within this report, external funding options are very limited and with the Land and Property Strategy work still in progress the funding for the scheme outlined in paragraph 1 is uncertain.
- 3 The imperative for the redevelopment of Lee Valley Ice Centre remains. The current Lee Valley Ice Centre, whilst still well used and delivering an operational surplus (a three year average of £230,000) is coming to the end of its operational life. Members approved paper E/502/17 to undertake a £430,000 refurbishment in the summer of 2017 to the ice pad, cooling system and barrier system which were the high risk of failure items identified within a report by Ice Tech UK in January 2017. The works were finished in September 2017 following an 8 week closure with all the systems that have been installed having the capability to be moved to any temporary or permanent rink allowing for total project flexibility. This includes the extra pad and barrier elements for a 60x30 ice pad (current pad is 56x26) that are in storage awaiting a decision on the final project design.
- 4 The chillers and building structure are the next high risk items and it is anticipated that in late 2019 / early 2020 these will in all likelihood require investment to maintain a fully operational facility. The costs could range between £1million and £5million depending on what works are undertaken and these works will only give the current Lee Valley Ice Centre another estimated 5 years of operational life.
- 5 The works as outlined in paragraphs 1 and 3 above have totalled £830,000 with £50,000 of this total being funding received from the London Borough of Waltham Forest to support the Twin Pad development. A full breakdown is as follows:
 - twin pad development to RIBA stage 2 - £400,000; and
 - new ice pad, cooling system and associated barrier replacement - £430,000.

With the capital funding required to deliver a twin pad in one phase such a high risk item making a commitment of £1.7million to fund stages 3 and 4 at this point would not be recommended.

Taking an alternative approach, if Members approve the recommendation within this report the figure the Authority would have committed totals £1.182 million. This includes the early business planning work as outlined within paragraph 9 of this report but the areas listed below would not need funding as these were paid for as part of the works already undertaken, for example:

- as per paragraph 4, the new ice pad, cooling system and associated barrier can be used within the new facility. Any future costs would be centred around the dismounting and installation which would be a fraction of the investment already made;
- the detailed ground investigation works have been completed; and
- design team orientation, clearly the team know the site and the Authority

well which saves on mobilisation time.

- 6 To fully ascertain all funding options, Authority officers have met with the following organisations to investigate third party funding for the project:
- Sport England;
 - GLA;
 - London Borough of Waltham Forest; and
 - PWC (regarding other available sources of finance).

All the above organisations have either said no or they cannot give any guarantees regarding funding opportunities. For example, the GLA whilst supportive of the project have other major sporting infrastructure projects ahead of the twin pad and Sport England fundamentally require the design to change to become more multi-sport which would compromise the business plan, all for a likely maximum £2million investment.

A PROPOSED TWO PHASED APPROACH

- 7 Members have been clear that their aspiration is for a twin pad ice facility or a facility that has a regional status. With the issues that are detailed above Authority officers have considered a fresh approach that will maintain the project's momentum and creates greater project viability whilst protecting the overarching aspiration to deliver a regional ice facility.
- 8 The plan would be to design a single ice pad facility that could then be extended at some point in the future should a business case be made and capital funding become available. Any single pad would need to be designed in a way that any extension was fully designed into the initial build so no unnecessary duplication of works would be required and minimise any additional costs.
- 9 The Budget
- A total phase 1 budget has been identified of £25million (build costs and fees) which from the initial single pad business planning work undertaken (a £950,000 operational surplus projected) has shown that the Authority could deliver this phase through its own resources (borrowing against any surplus and capital reserves).
 - Any work on this proposal would need to include a detailed analysis of the borrowing options and how the timing of any projects from the Land and Property Strategy could support the phase 2 works.
 - Clearly a 2 phased approach would have development cost implications regarding fees which would be fully reviewed to ascertain a more robust budget impact position as part of the stage 1 proposed works.
 - To undertake the design work required to get this phased approach to RIBA stage 2, £325,000 in fees is required with the works taking five months to deliver.
 - On a comparison, the total project fees for a single pad (build costs £18-£20million) would be £2.6million where for the current twin pad scheme on current estimated costs would be £3.5million. As detailed above, the fees

with a two phased scheme may be higher and these would be fully ascertained during any further design work.

- At some point a capital receipt may be received from the works being undertaken in the Land and Property Strategy which could support the delivery of phase 2 within this proposed approach.

10 The Design (phase 1)

The early work that has been undertaken that supports the single pad business plan assumption's above have been on the basis of the following design:

- single 60x30 Olympic sized pad;
- spectator seating 1,800;
- 100 station gym with dance studio;
- integrated Food & Beverage operation that caters for the participants, non-paying spectators and events;
- public toilets for normal operations and events;
- 3 sets of flexible changing which include toilets, showers and support facilities for hockey and skating (skate sharpening, laundry, kitchen, physio room and coaches area);
- rentable locker space;
- ice support facilities (first aid, ice machine garage, ice storage, team storage, coaches lounge with toilets and changing facilities);
- circulation space and facilities such as a lift that supports the venue in either event mode or normal operation but in phase 2 ensures that both pads can operate independently;
- 3 flexible meeting rooms that are also used for parties, hospitality and support for major events;
- office space which includes event control area, reception and back of house designed for phase 2 and its requirements to work as two separate pads and gym; and
- a retail shop.

If this approach was to be commissioned, each of the above areas would be interrogated in detail to ensure the overarching budget could be reduced / met whilst fully maximising its business performance capabilities.

11 Other factors

The detail below are examples of the other factors that will need further investigation / assessing before a proposed position is submitted at the end of RIBA stage 2:

- continuity of ice will be a big challenge and likely to be unattainable on the current site. If continuity is still possible and an aspiration then the project costs will go up as if the existing building is kept during construction, the position of the 1st phase will have a likely impact on scrub land and site set up will be more complex. If the existing building is removed, then a temporary rink will be required which is difficult on the existing site due to space limitations and wider available land within its locality is an issue. Any initial works on phase 1 will need to fully appraise these options and a way forward recommended which is fully costed;
- detailed work is required to ascertain what wider role the ice facility would play, for example is the catering offer for the marshes and local area to be

- integrated into the design or will this be supplied elsewhere;
 - seating capacity, 1,800 required to stage category 2 events but does the 1st phase go for 2,500 seats or is the extra seating added in stage 2. A full appraisal of this will need to take place during the initial phase 1 planning works;
 - the facility focus, is a new development all about ice or can the design be adapted to form a more commercial operational perspective in phase 2 to look at other opportunities and/or be more flexible. This work would need to be fully appraised at the initial phase 1 works proposed; and
 - planning due to the land's Metropolitan Open Land (MOL) status will continue to be a key consideration and focus of the works. The London Borough of Waltham Forest and the GLA are both broadly supportive of a redeveloped ice centre on the same site.
- 12 Its officer's recommendation that Members approve the initial funding of £325,000 as detailed in paragraph 9 above and officers return to Members in the summer to present a range of options to progress the project.

ENVIRONMENTAL IMPLICATIONS

- 13 The redevelopment option suggested in this paper would raise many of the same environmental and planning issues which the current scheme for the twin pad has raised given the site's location in MOL. Any application for planning permission would have to be accompanied by a range of other studies which at the least would include, a design and access statement and assessment covering environmental impact, transport impact and landscape impact. In particular, the challenge of re-configuring the site's redevelopment around the existing venue whilst leaving the option open for the second pad and also maintaining sufficient space for the construction programme will be a major challenge.

FINANCIAL IMPLICATIONS

- 14 The finding for the recommendation within this report would be a £325,000 contribution from the capital programme provision for the Lee Valley Ice Centre.

HUMAN RESOURCE IMPLICATIONS

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

LEGAL IMPLICATIONS

- 16 The additional work to Stages 0-2 will require a variation to the contract with Wrenbridge Land Limited and the publication of a Modification Notice in the Official Journal of the European Union (OJEU).

Clause 72 of the Public Contracts Regulations 2015 allows a modification to an existing contract (without need for a new procurement) if:

- additional works, services or supplies have become necessary by the original contractor and were not included in the initial procurement, where a change of contractor would cause significant inconvenience or substantial duplication of costs for the contracting Authority, provided that any increase in price does not exceed 50% of the value of the original contract (clause 72 (1) (b) (ii)).

In this case the additional works have become necessary due to cost considerations that were not known or knowable until Stage 2 had neared completion and it would cause substantial duplication of costs if the Authority were to appoint another contractor to carry out the additional work as some of the work already carried out by Wrenbridge Land can be re-used by them.

The £325,000 price is a small proportion of the overall cost of the project, originally estimated at over £21m.

RISK MANAGEMENT IMPLICATIONS

- 17 There is a risk that the Modification Notice may lead to an objection being raised but officers are confident that they can address any issues raised.

EQUALITY IMPLICATIONS

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

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PREVIOUS COMMITTEE REPORTS

Executive Committee	E/203/12	Review of the Lee Valley Ice Centre	19 April 2012
Executive Committee	E/502/17	Potential Ice Pad, Cooling System and Barrier repair	25 May 2017

LIST OF ABBREVIATIONS

MOL	Metropolitan Open Land
GLA	Greater London Authority
RIBA	Royal Institute of British Architects