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| Contains Confidential or Exempt Information | No |
| Title | Gunnersbury Park Project Update |
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| Portfolio(s) | Councillor Bell, Policy, Community & Economic Development, Councillor Mahfouz, Transport & Environment |
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Purpose of Report:

This report is to provide an update and seeks approvals in relation to the Gunnersbury Park 2026 Masterplan, which is being delivered in partnership with the London Borough of Hounslow, and its 3 core phases: Heritage Core, Small Mansion & Stables and the Sports & wider parkland.

Phase 1 - Heritage Core £21m

This phase of the project is on site and progressing according to the project programme. Previous reports to cabinet have identified a funding strategy, which formed part of the circa £10m Heritage Lottery Fund (HLF) applications, and showed how unsecured funds would be secured by project completion. This report will highlight the progress of securing all required funding for the completion of the project and the options to obtain the currently unsecured funding, within this strategy of circa £1.8m.

Phase 2 – Small Mansion and Stables £15m

Previously this phase of the project secured a partner for the restoration of the Small Mansion, following a successful marketing process. Unfortunately that deal could not be concluded as the selected partner progressed with other site options. Hounslow Council gave authorisation to remarket the facilities in March 2015, with a view to securing a partner to support the council's further HLF funding application, such as a Heritage Enterprise Grant of up to £5m. This report seeks authority to progress with a marketing process to secure the future of these buildings and then to investigate options to secure the funding to deliver this phase.

Phase 3 – Sports and Wider Parkland £15m

To date the council has secured around £7.5m in external and partner funding towards the sports phase of the project, following cabinet's authority to secure partner opportunities via a marketing process and also to secure grant funding. These secured funds include a grant offer of £4m from Park Life, which is a multiagency funding programme launched recently and led by the Football Association and Sport England; for which the two councils would be amongst the first schemes nationally to be delivered and the first in London.

This funding for Gunnersbury, would be part of a portfolio approach across the two boroughs, with up to £3m being available for other schemes in Ealing, such as the proposed development at Rectory Park which includes a new pavilion and floodlit artificial grass pitches as well as grass pitch improvements.

The requirements of the Park Life funding programme has increased the scale of the Gunnersbury project to that secured by the January 2016 Planning permission, which is a two storey health and leisure facility.

Whilst this funding represents an excellent step forward, one of our selected partners, University of West London (UWL), who would potentially be a major contributor to the scheme, are likely not to proceed with an option to invest capital into Gunnersbury Park; the council is currently awaiting formal confirmation of this position. The new sports facilities as well as the overall site will require an operator for which the authorities are seeking permission to procure over the coming months so that the operator can input into the final construction designs as well as contributed a capital sum to the project.

Finally the report seeks permission to explore further opportunities for the site, which will enhance the facilities and activities available for local residents as well as contribute positively to the overall operational revenue model by generating income from activities such as adventure golf, high wire tree top activities, boating concessions etc.

1. Recommendations

It is recommended that Cabinet:

- 1.1 Notes that a bid of £0.900m has been submitted as part of the 2017/18 budget process, representing the Council's 50% proportion of the £1.8m unsecured funding for the Heritage Phase of the Gunnersbury Project (as detailed in section 4.2).
- 1.2 Notes that should further grants be secured from other organisations or in the form of charitable donations, then the in-principle funding allocation referred to in recommendation 1.1 would reduce.
- 1.3 Authorises the Executive Director, Environment & Customer Services to commence a competitive process to secure bids for the leasehold of the Small Mansion and Stables, as lots and to consider any proposals in accordance with the objectives in 2.24, for a lease of up to 100 years as well as investigate funding opportunities which may be available.
- 1.4 Notes that the final decision on award of lease to preferred bidder/s will be subject to a future Cabinet decision including any approval to submit external funding applications in relation to received bids.

- 1.5 Authorises the procurement of an operator for the sports and leisure facilities within Gunnersbury Park, including the proposed Sports Hub facility for a period of a 10 years with an option for an extension of an additional 5 years, based upon the financial projections in section 4.5.
- 1.6 Agrees to the selection of Brentford Community Sports Trust and the International School of London (ISL) as partner organisations for the delivery of the sports facilities in order to secure £1m partner funding contributions.
- 1.7 Notes that officers will be seeking further funding opportunities from partner organisations in relation to the leisure and sports facilities.
- 1.8 Notes that Ealing and Hounslow Councils have been successful in being awarded £4 million from the Football Association's Parklife initiative as a contribution to sports facilities at Gunnersbury Park; subject to formal agreements which will constitute a formal offer of grant.
- 1.9 Agrees, in principle, to officers proceeding with the development of the Sports Hub with an estimated projected cost of £13.874 million as detailed in table 1.4 in section 4.3/
- 1.10 Notes that a new funding request of £1.000m is being requested through the Council's budget process, as part of the Park Life element at Gunnersbury Park, supporting the borough wide Park Life portfolio of projects with an estimated value of £18.5m.
- 1.11 Authorises the Executive Director of Environment and Customer Services to secure further commercial opportunities for Gunnersbury Park as part of enhancing the park's operational revenue model.
- 1.12 Authorises the Executive Director of Environment and Customer Services, in consultation with the Executive Director of Corporate Resources, to explore financial arrangements with interested partner organisations, including loan facilities from the council to secure capital investment into the facilities, in accordance with the above options.
- 1.13 Notes that on 1st October 2014, Cabinet authorised the Executive Director of Corporate Resources to provide a loan facility or alternative to the Community Interest Company (CIC) [a working capital facility of £0.2 million provided on commercial terms, and repaid over 5 years].

2. Reason for Decision and Options Considered

- 2.1 In November 2011 the cabinets of the London Borough of Ealing and the London Borough of Hounslow agreed the Gunnersbury 2026 Masterplan, which at the time was a £49m regeneration programme.
- 2.2 To date the councils have secured circa £20m in external and partner funding towards the delivery of this Masterplan across all of the phases. These include £10m HLF funding, £1m Historic England Funding and funding from Sport England, the Football Foundation, the Lawn Tennis Association, London Marathon Charitable Trust and a range of partner organisation investment.

2.3 Currently the £21m first phase of the Masterplan is on site and progressing well. This phase of the project is due to be completed in September 2017, with final fit out and full launch of the facilities by March 2018. Should the final unsecured funding be secured for the Sports phase, full works are due to start on site in spring 2017; this would mean £35m of delivery and regeneration of the site as part of the 2026 Masterplan; representing significant delivery of the plan for a site once at risk of being lost to future generations with no clear plan for a long term sustainable future.

Phase 1 – Heritage core

2.4 In September 2015 cabinet approved the delivery of phase 1 of the Gunnersbury 2026 masterplan. The funding table below is taken from that report and indicated a number of funding streams to be secured

Table 1.1 Gunnersbury Park Funding table:

| Gunnersbury Park Sep 2015 Funding Table | 2016/17 | 2017/18 | Total | |
|---|---------------|--------------|---------------|---|
| | £m | £m | £m | Secured/Unsecured |
| Mainstream Capital Ealing | 2.691 | 1.055 | 3.746 | Secured |
| LB Hounslow (Capital, Revenue & S.106) | 3.925 | 1.639 | 5.564 | Secured |
| Other trust and funds | 1.471 | - | 1.471 | Development Trust set up to fundraise from trust and grants |
| English Heritage and other small grants | - | 0.250 | 0.250 | EH Grant applications in the pipeline |
| Non-Cash Contribution | - | 0.050 | 0.050 | Secured |
| Volunteer Time | 0.088 | 0.172 | 0.260 | Secured |
| HLF On-going Management & Maintenance | 0.459 | 0.370 | 0.829 | Secured |
| HLG Grant | 4.110 | 4.671 | 8.781 | Secured |
| Total Funding | 12.744 | 8.207 | 20.951 | |

2.5 As highlighted above the project will be funded from various sources including capital funding from both the London Boroughs of Ealing and Hounslow, grant from the Heritage Lottery fund and contributions from other sources includes S106 and minor grants from Trust fundraising.

2.6 Whilst there has been good progress to date on the development of the Gunnersbury Fund raising Trust, who have secured £0.175m of grants recently; of their original target of £1.471m. Officers and the Trust are working hard to secure further grants and donations, officers are working to a stretch target of £700k; but have prudently profiled a further £175k of grants being secured. There is a risk that as the project progresses the opportunity to fund raise for the more attractive elements of the capital scheme reduce, whereas the £1.471m was profiled against the total project costs, including, activity plans, staffing and revenue activities up until 2021; which is the 5 year funding point of the HLF grants.

2.7 Project s106 funding has not yet been forthcoming from schemes within both boroughs and in particular along the A4 corridor. Whilst there are schemes in development and various phases of planning, these are not yet secured.

2.8 Finally, whilst there has been significant success and funding for the scheme by Historic England, circa £1m; unfortunately a rule change from the original HLF grant applications means that Historic England funding cannot be used for the same project items as HLF money. Therefore the £0.250m grant in table 1.1. could not be secured for the scope of works as per the HLF application and phase 1 heritage core.

2.9 In total this means that there is currently £1.800m of unsecured funds as part of the £20.951m first phase; officers are requesting in 1.1 an in principle agreement from both councils to ensure the completion of phase 1. This is profiled in Table 1.3 of the financial section, across the full life of the HLF funded element of the project, so that members can see the cash flow of the full £20.951m project up to 2021.

Table 1.1.1 Gunnersbury Park Funding table to Capital Programme:

| Gunnersbury Park Estate Funding Table to Capital Programme | 2016/17 | 2017/18 | 2018/19 | Total |
|--|---------------|--------------|--------------|---------------|
| | £m | £m | £m | £m |
| E&CS Capital Programme: | | | | |
| *Gunnersbury Park Estate | 9.163 | 3.790 | 1.754 | 14.707 |
| Hounslow: | | | | |
| LB Hounslow Capital Contribution | 2.233 | 0.924 | 1.288 | 4.444 |
| Unsecured Funding: | | | | |
| Gunnersbury Trust revised funding target | 0.202 | 0.606 | 0.492 | 1.120 |
| S.106 / Revenue contribution to Capital | 0.039 | 0.117 | 0.094 | 0.430 |
| Historic England | 0.037 | 0.118 | 0.095 | 0.250 |
| Total Funding | 11.812 | 5.612 | 3.749 | 20.951 |

**This figure is net of non-attributable HLF project costs which total the £20.951m project. Hence lower figure than Capital programme*

2.10 Officers have explored the reduction in scope of the project, and will continue to look for opportunities; however any significant amendment will affect the terms of the HLF grant offer and therefore risk a default and repayment of grant to the HLF.

Phase 2 – Stable and Large Mansion

2.11 The second phase of the project identified the possibility of enabling development to fund the repairs and refurbishment of the Small Mansion & the Stables.

- 2.12 Existing budgets and capital funding from the councils is not available to support the estimated repair and refurbishment cost for the Small Mansion and stables short or long term.
- 2.13 The small mansion is currently used by the Museum's education service during the close down of the Large Mansion and the refurbishment works. It is likely that the Small Mansion would therefore be vacated in Spring 2018, meaning the exploring of opportunities with partners and potential HLF funding would need to start now for the long term use of the buildings.
- 2.14 As per the previous reports and marketing of the small mansion and stables, an element of enabling development is proposed as public funding and future grants are unlikely to cover in full the repair and restoration of these two buildings; it will also provide a long term revenue stream sufficient to support the long term management and maintenance of the buildings.
- 2.15 The enabling development proposed is enabling development in its broadest sense; via a grant of a long term lease to a bidder who can bring the properties into viable long-term use. The councils will be including in the marketing material detailed information for the HLF funding programme, Heritage Enterprise Grant and will be working closely with Historic England on the development and selection of partner organisations.
- 2.16 Following the Building surveys in 2015, and works to address a list of priority repairs over the past 4 years; works to the Small Mansion and stables are estimated at £5.026million & £5.250m A large percentage of this cost relates to the listed nature of the buildings and specialist works required. This is described as the Conservation Deficit, which in most business opportunities may preclude investment or potential bidders from coming forward.
- 2.17 As a result it is considered that there is a positive business case for offering long-term leases on the Small Mansion and the Stables, which will substantially reduce Council liability and also secure:
- capital investment
 - reduced revenue costs
 - long term sustainable uses
 - improved accessibility and
 - it will also result in these buildings being taken off the 'At Risk' register.
- 2.18 Officers consider that the proposed long leases, of up to 100 years, provides the most effective way to realise the benefits being sought whilst protecting and safeguarding the Council's interests. When marketing the sites for disposal by way of a long lease the invitation documents will confirm that any proposals will be subject to planning and English Heritage approvals.
- 2.19 Past and current interest shown in the Small Mansion site has come from private schools, free schools, other charitable organisations and museums. Others may come forward with schemes for residential accommodation, office

accommodation, a nursing home etc. All bids will be subject to rigorous assessment against deliverability and planning context, detailed further below.

2.20 It is proposed that, following an initial screening and selection process in relation to each site, the Council will shortlist and request detailed proposals to be submitted which will result in selection of a preferred bidder who will then enter into detailed negotiations with the Council with the aim of concluding a Development Agreement providing for the grant of a long term lease.

2.21 Upon selection of a preferred bidder the council will then enter into detailed negotiations on the proposal. The first action will be to carry out consultation with stakeholders and the wider community.

2.22 Consultation with the public and other stakeholders will take place once officers in their professional opinion have evaluated and identified a preferred bidder, based upon the evaluation criteria and most importantly sustainability, financial viability and deliverability of the proposal, in line with planning policy, the site context and Historic England. This is so that unrealistic expectations are not raised within the community and amongst wider stakeholders on proposals/uses, which cannot be delivered due to not meeting the assessment criteria.

2.23 All legal items such as leases etc. will be subject to planning permission. If no appropriate bids come forward the process does not have to be concluded and other less viable options considered for the facilities; which will be subject to planning and Historic England approvals

2.24 The preferred bidders will be brought back to Cabinet for approval by Ealing and Hounslow and each will be chosen on the following basis:

- what is most economically viable to the two Councils
- deliverability i.e. the partner most capable of delivering the scheme (track record and financial).
- understanding of and is sympathetic to the heritage aspects of the buildings and the site as a whole
- the bidder satisfies the selection panel that they can obtain an acceptable planning consent, Historic Buildings Consent and carry out restoration to a standard acceptable to English Heritage
- meets the overall objectives and aspirations of the Project Board to achieve the Gunnersbury 2026 Masterplan.

Phase 3 - Sports and Wider Park Land

2.25 In December 2014 cabinet approved the selection of partners and submission of grant funding applications for the delivery of this phase of the project. Officers have successfully completed several grant funding applications and a marketing exercise to secure a range of partner organisations who would contribute significantly to the project, in terms of both capital investment and activity programme delivery.

2.26 Brentford FC Community Sports Trust (BFCCST) is a key community partner of Ealing and Hounslow Councils. The Trust is particularly excited about the project with a vision of creating a community hub; working with partners the Trust plan to

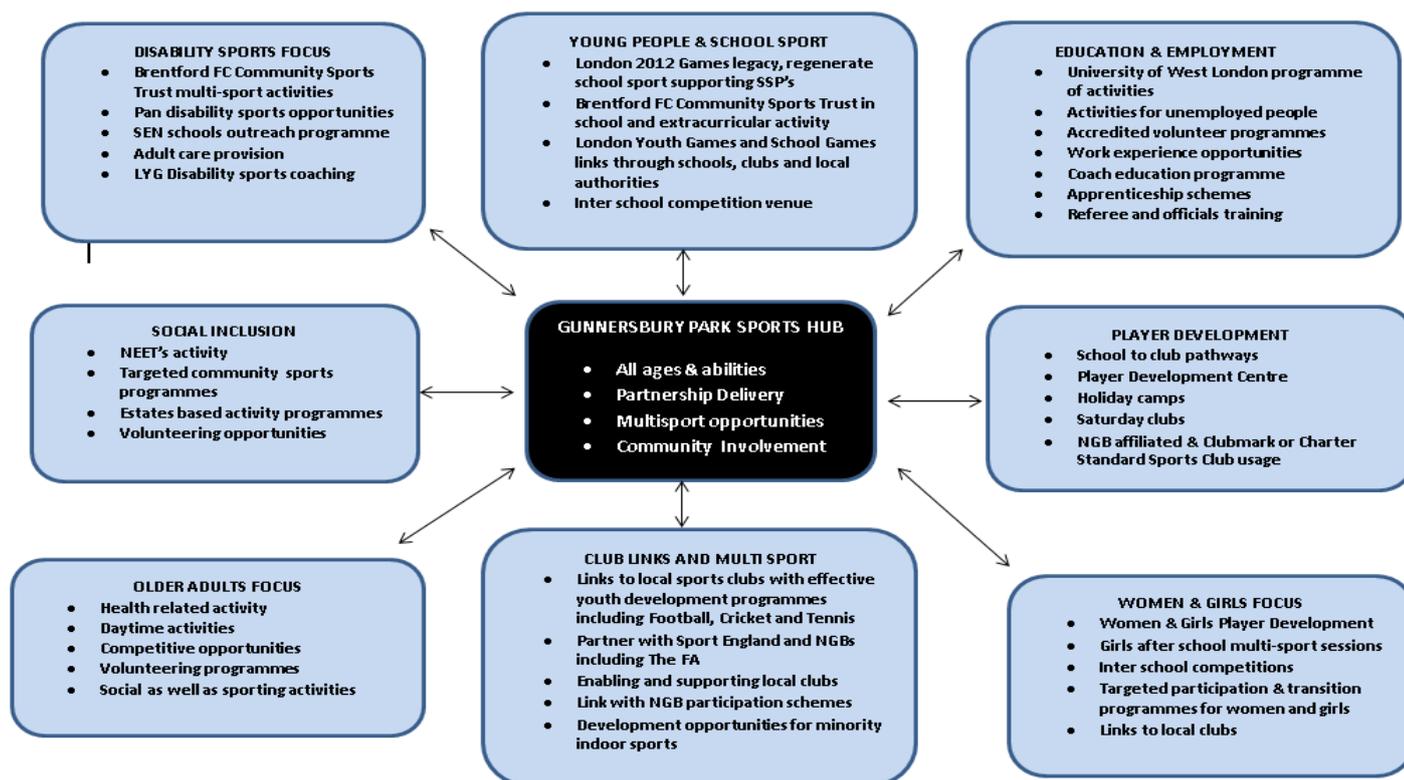
create new employment, training and participation opportunities. The close proximity of the proposed new Brentford FC stadium will complement the site and create opportunities for new community programmes to be delivered for the benefit of residents of both boroughs.

2.27 The International School of London Group is a culturally diverse community which fosters a passion and enthusiasm for learning, through outstanding educational practices. Students' cultural and linguistic identities are valued and nurtured through the international curriculum and Mother Tongue programme. The school develops the attitudes, skills and understanding needed for active and responsible contributions to both local and global communities. The core values at the International School of London are: Diversity, Understanding, Identity and Passion.

2.28 The University of West London (UWL) – based in Ealing provides a range of higher education courses including sport and leisure. A contribution of around £2m for the Gunnersbury project was discussed with the University of West London, during the detailed negotiation stage, following an initial offer of £1m at initial proposal stage. However, as discussed at various meetings and project boards; whilst the university has not made an official decision on their level of contribution to the Gunnersbury project, it is highly unlikely that £2m will be achieved.

2.29 A proposed comprehensive and balanced Community Sports Development Programme (CSDP) has been developed for the site. This has been reviewed and scrutinised by a range of funding partners and professionals in the assessment of our grant funding applications. A summary of the key themes of the proposed programme are detailed below plus a schematic of the activities which could be offered as part of the community programme:

- **Catchment** – large catchment area with significant population growth for both boroughs.
- **Health** - Both Ealing and Hounslow perform worse than the national average for indicators such as Childhood Obesity (Year 6) and Recorded Diabetes.
- **Aging Population** – Particularly increasing over 85 populations. Adult community sports groups to target these health issues and help support social wellbeing and wider health and social care services.
- **Participation** – Both borough have demand for facilities above the national average and room for growth in key demographic areas.
- **All Year Round Activity** – indoor and outdoor facilities, floodlit facilities, health activities, significant non formal sports related activities, casual hire, sports club partners; creating a vibrant community hub facility
- **Education** – NVQ/Btec, Apprenticeships, coach education and formal educational establishment links



Park Life Funding Programme

2.30 Gunnersbury Park, and its associated Sports Phase of the Gunnersbury 2026 masterplan; has acted as the catalyst for securing an initial grant of £4m for Gunnersbury and in principle agreements for a grant of £3m for Rectory Park, Northolt and £3m for Dukes Meadow, Hounslow as part of the Park Life funding programme. This would mean a current portfolio of £10m funding across the two boroughs for projects totalling approximately £25m.

2.31 The Park Life programme differs from traditional investment streams as the funding partners are keen to see a portfolio approach to provide an area wide solution, rather than one off site investment.

2.32 Given the ongoing reductions in local authority funding and budget pressures, the FA identified a significant risk for the future of grass roots football participation in that over 80% of natural grass football pitches used by football teams across the country are in local authority ownership and are therefore at significant risk of being lost or maintenance programmes reduced, to meet budget pressures.

2.33 To negate this risk, a total funding pot of £130m has been made available, with pilot projects having been delivered in Sheffield and Liverpool; with London following next. The funding split across the portfolio is expected to be a 40% capital contribution from the host authorities and partners with the remaining 60% being providing by Park Life.

2.34 There are a number of aims that underpin the Park Life programme, with all Football hubs expected to:

- Be financially sustainable and based on strong business plans, with sites capable of income generation helping sustain a portfolio approach and reduce reliance on public subsidy
- Be designed collaboratively with local partners including the FA, County FA, local professional club(s), the local football community and local authorities
- Encourage people to play more regularly, or to become active and in doing so, achieve wider social outcomes
- Be affordable, open and accessible to all
- Be flexible – catering for football activity, other sports and also other programmes such as education, health and wider community development initiatives as appropriate
- Offer a high-quality customer experience and provide a safe and welcoming environment for football-led and other demand-led local programmes to flourish
- Provide a new management and operational approach to grassroots football facilities.

2.35 A Park Life Football portfolio will typically comprise: two or three individual hub sites across an area with each hub site containing a minimum of two Artificial Grass Pitches (AGPs) with associated changing accommodation.

2.36 Importantly for the Ealing and Hounslow Portfolio, one of the hub sites can be linked to health and fitness or other commercial provision, which will provide a revenue stream; including other sports and facilities in addition to the core football offer like sports halls, studios, education spaces and tennis facilities.

2.37 The sports facilities at Gunnersbury, and the associated future satellite sites at Dukes Meadow (Hounslow) and Rectory Park (Ealing) have huge potential to have a positive impact in the community, with regards to the provision of leisure, recreation, education and health programmes. These sites have also been identified for a long time, as priority sites, but each have posed past challenges in successfully delivering schemes.

2.38 The associated Sports Development Plans and predictions on participation show that these site will generates tens of thousands of visits across a range of traditionally hard to reach groups in some of the most deprived areas in both boroughs. For example, Gunnersbury football facilities are predicted to generate over 200,000 visits per year alone.

2.39 The Park Life model looks to support authorities funded through the Park Life Programme, by creating commercial opportunities enabled by its capital investment, which will generate increased revenue to offset natural grass pitch costs and potential operational challenges for its satellite hub sites.

2.40 A site such as Gunnersbury Park Sports Facilities, with its income generating potential from the proposed range of facilities, such as a commercial gym, provides a means to generate an ongoing revenue reserve that can contribute to the wider delivery of football within the two boroughs; by subsidising the provision of both for natural grass and the AGP facilities.

- 2.41 This generated reserve is held specifically for the two boroughs to draw against, for items such as current or future natural grass pitch subsidy for football and operational reserves for the satellite sites to ensure their long term sustainability given the level of capital investment from the FA. This means that the Dukes Meadow and Rectory Park sites have a de-risked financial operating model, to help ensure that the facilities and their programmes are there for future generations.
- 2.42 The long term aim for the hub sites is that they will not require any subsidy and therefore are able to contribute not only to the reduction in grass pitch subsidy, but also allow for sinking funds to ensure high quality facilities are maintained and to deliver high quality, ongoing, community programmes. As a new operating model, of course it is prudent to allow for operational reserves to be developed in the first instance, as per any new business.
- 2.43 For the Gunnersbury Project, specifically, these facilities will also provide greater income generating potential for the CIC at Gunnersbury. A full business model has been produced, independently by Continuum Sports and Leisure, which has supported the grant funding applications. This plan has been scrutinised by a range of grant funding partners, and is a robust plan. It also incorporates figures for the gym income, which have been provided by our leisure operators.
- 2.44 The competitive procurement process, for the selection of the future leisure operator, will clearly provide opportunities to test and improve upon the assumptions made in the current plan.

3. Key Implications

Phase 1 – Heritage Core

- 3.1 The Gunnersbury project has been running for over 4 years and is making excellent progress with the project team working successfully to keep the project in budget. A number of cabinet and project board decisions have been made during the course of the last 4 years to approve funding and where risk has remained a number of mitigations identified to bring the financial risk down to a manageable £595k. This has included winning the largest grant Historic England has ever awarded. Additionally the design team has been working closely with the funding team by giving site tours, attending funding meetings and providing detailed information for bids when requested.
- 3.2 It must be noted that by reducing the scope to fit the funding gap of £1.800m and losing HLF grant of between £576k & £1.026m, (depending on items taken and from which funding stream, given the different percentage contributions); the councils will then have to raise this additional money, to cover the HLF reduction in contribution to the overall scheme.
- 3.3 Further to the HLF 'On Cost'; any change in scope at this stage in the project will not provide value for money as all the packages have now been bought and the percentage of cost recovery is generally less than 50% and can go as low as 20% e.g. for £10 of bought construction, you could expect to recover £2-£5. Added to this HLF will pull the plug on their funding as we must fulfil the 'approved purposes' to qualify. It is very important to note here that we have 3 HLF mentors who are very involved in this project and advising on every aspect of the design. They have

been involved throughout all stages from development through to construction and any change is unlikely to be approved.

3.4 The Gunnersbury Project is extremely high profile. We have a number of stakeholders involved in Phase 1 of the masterplan and HLF have actively been encouraging us to go for a Heritage Enterprise grant for the Small Mansion, which is Phase 3 of the masterplan. Clearly any failure to deliver the approved purposes, and the design developed with HLF over the last 4 years, will have significant and long lasting, damaging consequences both in terms of relationships with HLF and our ability to get any further grant funding for other projects, and is likely to have a knock on effect with other funders across the board who will lose faith in the council's ability to deliver.

Phase 2 – Small Mansion and Stables

3.5 The option to secure a partner and applying for external funding to the HLF may be the final opportunity for these Heritage assets to be restored. It is recommended that the process should commence as soon as is feasible, to include an options appraisal and to seek proposals from potential partners.

3.6 Failure to identify any acceptable solution, following this process, or doing nothing means that unless significant third party funding can be secured these buildings will continue to deteriorate further and may soon be lost altogether.

3.7 Once a preferred partner has been identified and approved by each authority, a development agreement will be drafted following consultation with the Portfolio holders in each council. The agreement will set out the timeframes to include making applications for grant funding, to prevent the bidder sitting on the asset and doing nothing.

3.8 Any proposal would require planning permission and planning applications are to be assessed on their merits in the context of planning policy.

Phase 3 – Sports and Wider Parkland

3.9 Ealing and Hounslow Councils have worked very well together to ensure that we are well placed to secure significant levels of funding from the Park Life programme, and be the leading boroughs in London and 3rd location nationally.

3.10 As a result of this project there will be significant benefits for our residents, including participation opportunities, education programmes, leisure/recreation activities and it hoped a long term positive impact on key public health outcomes.

3.11 This portfolio of Park Life projects will help to reduce the boroughs grass pitch subsidy, currently standing at circa £70k, once the facilities have moved to their operationally mature years.

3.12 Failure to deliver the Gunnersbury Park facilities, means that the income generating potential from the leisure facilities will be significantly reduced and therefore affect the CIC's long term operational and financial viability. There is a significant dependency within the CIC business model, with a minimum of £150k per annum, relating to a contribution from income generated by the sports facilities.

- 3.13 The failure to deliver a commercial gym needed at one of the sites in the portfolio will be lost, and therefore the contributions to Dukes Meadow and Rectory Park will not be forthcoming. This would mean a direct loss of £10m from the Park Life funding programme, £4m from other funding partners for Gunnersbury and a further £1.5m from Rectory Park in capital; not including any revenue programmes/costs from these schemes.
- 3.14 Given the above risks, should the Councils wish to proceed with the sports hub project, which is programmed to start in late spring 2017; then the Councils would have to enter into contract, carrying a funding shortfall of approx. £2.0 million, which would need to be underwritten. There is not the option of reducing the specification by that amount of unsecured funding, because of the interdependency with the Parklife funding which would impact on projects at Rectory Park (Ealing) and Duke’s Meadow (Hounslow).
- 3.15 The councils have not entered into any contractual arrangements and therefore have the opportunity to work through our mitigation opportunities to secure the unsecured capital funding for Gunnersbury as well as explore the implications should the scheme have to be significantly scaled back on the wider programme.

4. Financial

4.1 Table 1.2 below shows the potential capital works cost for the Small Mansion and Stables and the potential liability to the two local authorities should external funding and a development partner not be successfully delivered.

Table 1.2 shows indicative budget requirements of restoring both the Small Mansion & the Stables:

| Element | Indicative Total Cost |
|--|-----------------------|
| | £m |
| Small Mansion: Total Project Indicative Refurbishment Budget | 5.026 |
| Stables CAT A Fit Out and East Stables Structural Restoration Budget | 5.250 |
| Total | 10.276 |

4.2 Table 1.3 below shows the cash flow of the currently unsecured £1.800m over the coming years, and the £0.900m contribution from Ealing towards its share of the unsecured funds, in accordance with recommendation 1.1

Table 1.3 shows cash flow of current unsecured £1.800m funding:

| | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | TOTALS |
|-----------------------------------|---------|---------|---------|---------|---------|---------|---------|--------------|
| | £m |
| Annual cash flow injection | - | - | 0.280 | 0.842 | 0.395 | 0.200 | 0.083 | 1.800 |
| Cumulative cash flow injection | - | - | 0.280 | 1.122 | 1.517 | 1.717 | 1.800 | 1.800 |
| Annual Ealing cash flow injection | - | - | 0.140 | 0.421 | 0.198 | 0.100 | 0.042 | 0.900 |

4.3 Officers have submitted a capital bid of £1.000m, through the budget setting process, to mitigate the withdrawal of provisional funding from UWL, as shown in table 1.4 below. Soft market testing of future operators has indicated that there would be a contribution greater than the £0.500m, indicated in table 1.4, which meets the remaining £1.500m of UWL funding.

Table 1.4 shows Gunnersbury Sports Facilities Funding sources:

| Funding Source | £m | Status |
|--------------------------------------|---------------|------------------------------|
| Confirmed Funding: | | |
| Ealing Council | 1.500 | Confirmed |
| Hounslow Council | 1.250 | Confirmed |
| Sport England Strategic Grant | 1.250 | Confirmed |
| HLF funding for Archive | 0.224 | Confirmed |
| London Marathon Charitable Trust | 0.500 | Confirmed |
| Parklife (Football Foundation Grant) | 4.000 | Confirmed |
| Brentford FC Community Sports Trust | 0.500 | Confirmed |
| International School London | 0.500 | Confirmed |
| England & Wales Cricket Board | 0.150 | Solicited bid |
| Lawn Tennis Association | 0.500 | Confirmed |
| Sub Total Confirmed Funding | 10.374 | |
| Unconfirmed Funding: | | |
| Hounslow Council-Park Life Match | 1.000 | Subject to Oct report |
| Ealing Council-Park Life Match | 1.000 | Subject to Oct report |
| Procurement contribution | 1.500 | Indicated via soft marketing |
| Total Funding | 13.874 | |

4.4 Table 1.6 below shows the projected revenue modelling of the Gunnersbury Park Sports Facility by a commercial operator, for which we are seeking approval in accordance with recommendation 1.4. The surplus/deficit figure is post a £0.150m contribution to the CIC, which forms part of their operational business model, a

contribution to the two boroughs operational reserve for grass pitches and satellite sites as part of the park life funding of £0.105m and a prudent operator profit for running the site.

Table 1.6 shows projected revenue modelling of Sport Facilities at Gunnersbury Park and sensitivity analysis around small changes in expenditure and income (note that inflation is assumed as 2%):

| Year | Income | Expenditure | Surplus / Deficit | Rise in Expenditure | | Rise in Income | |
|------------------------------|--------|-------------|-------------------|---------------------|---------|----------------|-------|
| | | | | 5% | 10% | 5% | 10% |
| | £m | £m | | £m | £m | £m | £m |
| 1 | 1.033 | 1.126 | (0.093) | (0.150) | (0.206) | (0.042) | 0.010 |
| 2 | 1.266 | 1.190 | 0.077 | 0.017 | (0.042) | 0.140 | 0.203 |
| 3 | 1.406 | 1.250 | 0.156 | 0.093 | 0.031 | 0.226 | 0.297 |
| 4 | 1.444 | 1.280 | 0.165 | 0.101 | 0.037 | 0.237 | 0.309 |
| 5 | 1.465 | 1.295 | 0.170 | 0.105 | 0.040 | 0.243 | 0.316 |
| 6 | 1.494 | 1.317 | 0.177 | 0.111 | 0.046 | 0.252 | 0.327 |
| 7 | 1.524 | 1.345 | 0.179 | 0.112 | 0.044 | 0.255 | 0.331 |
| 8 | 1.555 | 1.362 | 0.193 | 0.125 | 0.057 | 0.271 | 0.348 |
| 9 | 1.586 | 1.356 | 0.231 | 0.163 | 0.095 | 0.310 | 0.389 |
| 10 | 1.618 | 1.383 | 0.235 | 0.166 | 0.097 | 0.316 | 0.397 |
| Average over 10 years | | | 0.149 | 0.084 | 0.020 | 0.221 | 0.293 |
| Midrange | | | 0.071 | 0.008 | (0.055) | 0.137 | 0.203 |

4.5 This revenue modelling includes projections for other commercial opportunities, for which this report seeks authority to explore, but soft market testing has indicated is achievable.

4.6 The competitive marketing will of course look to maximise the benefits of the site, as for the business modelling purpose we have used a prudent bench mark for the gym income. Therefore table 1.6 also shows the sensitivity analysis for the site, which on a positive could generate further funds for the CIC operational model.

5. Legal

- 5.1 Ealing and Hounslow are the joint freehold owners of Gunnersbury Park. The land is subject to a number of third party rights, covenants, tenancies and agreements. In particular the Park is (with some exceptions) not to be used for any purposes other than as a public park and other specified buildings are not to be used for any other purpose than one which is ancillary to the use of the Park as a public park or sports ground.
- 5.2 Operators for the sports facilities included as part of the Masterplan phase 3 must be selected in accordance with EU procurement rules and the Council's CPRs. Ealing Council will procure the project for itself and on behalf of Hounslow Council in accordance with the relevant provisions of the Public Contracts Regulations 2015.
- 5.3 Each element of the project proposals will be subject to a planning application and each planning application is assessed upon its merits against the planning policy framework.
- 5.4 The Council has a power under section 123 of the Local Government Act 1972 to dispose of land provided it is disposed of for the best price reasonably obtainable unless the consent of the Secretary of State is otherwise obtained either by way of a general consent or otherwise. Specific provisions apply in relation to the disposal of open space

6 Value for Money

- 6.1 Entering into a partnership with a sporting facility management and delivery partner will allow opportunities for external funding to be secured and delivery of a scheme which provides operational use/income thus reducing the need for a large subsidy.
- 6.2 The project has secured over £19.000m in external funding to help facilitate the delivery of the Gunnersbury 2026 Masterplan. This represents 54p for every £1 spent on the site or 54% external contribution towards two phases of the masterplan, totalling £35.000m.
- 6.3 The facilities have been selected and designed to ensure a complimentary mix and to ensure the greatest commercial viability whilst also ensuring that a balanced community programme can be delivered across the Gunnersbury 2026 masterplan, therefore ensuring the Gunnersbury Park's sustainability for future generations.

7. Sustainability Impact Appraisal

- 7.1 Principles of sustainability will be incorporated throughout the planning of all development works on the site and the successful bidder(s) will be encouraged to ensure best design practice options for alternative/'greener' materials and products, quality and economical and sustainable utilities systems are used.

8. Risk Management

- 8.1 The risk associated with the 'do nothing' for both the development of sport facilities and heritage buildings, will mean that the site will remain underused. Other risks are that opportunities to secure external funding for both are lost, resulting in a failure to deliver new and significantly improved leisure facilities.
- 8.2 A risk register has been developed for the project which is reviewed regularly at the project meetings. The major risk factors identified through this process are the planning and legal issues facing Gunnersbury Park. To mitigate these risks the project team is liaising with the planners and the Conservation and Design Officer at Hounslow, and is seeking advice from Hounslow's legal department.

9. Community Safety

- 9.1 Regeneration of the Park will encourage a greater number of visitors and improved security will be part of the overall aim of the project.
- 9.2 Providing a newly refurbished sporting facility will help in encouraging participation in sport, health and well-being.

10. Links to the 6 Priorities for the Borough

The addition and expansion of sporting facilities at the park will result in creating a safer, cleaner park offering more opportunities for education, sport and leisure, and may possibly create local job opportunities in the future.

10.1 Making Ealing Safer

The new improved facilities with improved access will foster community engagement in sport and positive activity.

10.2 Securing Public Services

The regeneration of the park will result in creating a safer, cleaner park offering more opportunities for education, sport and leisure, and may possibly create local job opportunities in the future.

10.3 Delivering Value for Money

The delivery of new leisure facilities including sports hub and outdoor pitches means the value of the asset will be increased.

11. Equalities and Human Rights and Community Cohesion

- 11.1 An Initial Equality Analysis Assessment has been completed and a full Equality Analysis Assessment will be undertaken for the project as a whole during the development stage, however assessments will be undertaken as required throughout the various stages of the bidder selection process.

12. Staffing/Workforce and Accommodation implications

- 12.1 None.

13. Property and Assets

13.1 Gunnersbury Park is jointly owned by the London Borough of Ealing and Hounslow and report the details of the leases (if any) proposed.

13.2 The Park is in the London Borough of Hounslow therefore London Borough of Hounslow is the local planning authority.

14. Any other implications:

14.1 None.

15. Consultation

15.1 Consultation has and will involve working closely with the Gunnersbury Park Advisory Panel, Friends of Gunnersbury Park, NGB's, sports users and other stakeholders, including residents groups.

15.2 A comprehensive programme of consultation and engagement has taken place to date on the Gunnersbury 2026 Masterplan and will continue until the project is delivered.

16. Timetable for Implementation

Phase 1 – Heritage Core

| Activity | Completion Date |
|--|-----------------|
| Capital works completed | October 2017 |
| Interpretation and fit out | July 2017 |
| Staff familiarisation and soft opening | December 2017 |
| Official Opening | March 2018 |

Phase 2 – Small Mansion and Stables

| Activity | Completion Date |
|--------------------------------------|-----------------|
| Issue of Advert and marketing pack | November 2016 |
| Issue of PQQ | November 2016 |
| Short listing of bids received | December 2016 |
| Issue of ITT to short listed bidders | January 2017 |
| Selection of preferred bidder | March 2017 |
| Report to cabinet | June 2017 |

Phase 3 – Sports and wider Park Land

| Activity | Start/Completion Date |
|---|------------------------------|
| Enabling works and earth movement to level playing surfaces | February 2017 |
| Works to Tennis Courts | May 2017 |
| PQQ for Construction Contractor | December 2016 |
| ITT for Construction Contractor | March 2017 |
| Selection of Construction Contractor | March 2017 |
| Start on site for main contractor | May 2017 |
| Completion on site of main building | January 2018 |

17. Appendices

None

18 Background Information

Cabinet reports on Gunnersbury Park

- 24th April 2012,
- 22nd January 2013,
- 16th September 2014,
- 2nd December 2014
- 21st July 2015
- Gunnersbury 2026 Masterplan

Consultation

| Name of consultee | Post held | Date sent to consultee | Date response received | Comments appear in paragraph: |
|-------------------|--|------------------------|------------------------|-------------------------------|
| Internal | | | | |
| Jonathan Kirby | Assistant Director of Major Projects and Development | 07/10/2016 | | Throughout |
| Keith Townsend | Executive Director Environment and Customer Services | 07/10/2016 | | Throughout |
| Ross Brown | Director of Finance | 07/10/2016 | | Financial |
| Chuhr Nijjar | Senior Contracts Lawyer | 07/10/2016 | | Legal |
| External | | | | |
| | London Borough of Hounslow | | | N/A |

Report History

| | |
|-----------------------|--|
| Decision type: | Urgency item? |
| Key decision | No |
| Report no.: | Report author and contact for queries: |
| | Jonathan Kirby, Assistant Director Major Projects, kirbyjo@ealing.gov.uk |