

Decision Maker: EXECUTIVE
FOR PRE-DECISION SCRUTINY BY THE R&R PDS COMMITTEE

Date: Executive: Wednesday 19 July 2017
R&R PDS: Wednesday 5 July 2017

Decision Type: Non-Urgent Executive Key

Title: CRYSTAL PALACE PARK: REGENERATION PLAN

Contact Officer: Lydia Lee, Head of Culture
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Chief Officer: Director of Regeneration

Ward: Crystal Palace;

1. Reason for report

- 1.1 The development stage of the Regeneration Plan for Crystal Palace Park is now complete.
 - 1.2 This report sets out the next steps to take the Regeneration Plan forward to delivery.
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2. **RECOMMENDATION(S)**

That Members of the R&R PDS: -

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

That Members of the Executive: -

- 2.2 Note the contents of this report and review the Regeneration Plan document provided as an appendix.
- 2.3 Approve spend of up to £625k funded from Capital Receipts to progress the Regeneration Plan to the submission of the outline planning application by spring 2018 and add this to the Capital Programme.
- 2.4 Approve a further £242.3k from Capital Receipts to deliver the Crystal Palace Park café project and amend the Capital Programme. Any unspent contingency will contribute towards the next Phase of the Regeneration Plan scheme.
- 2.5 Note the outcome of the café works tender process being detailed in the associated Part Two report and agree the award of contract.

Impact on Vulnerable Adults and Children

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

1. Policy Status: Existing Policy
 2. BBB Priority: Quality Environment and Regeneration
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Financial

1. Cost of proposal: Estimated Cost An additional £867.3k, a total of £3.628m in total for Phase 1 and Phase 2
 2. Ongoing costs: Recurring Cost None expected
 3. Budget head/performance centre: Capital Programme
 4. Total current budget for this head: £2.761m
 5. Source of funding: Capital Receipts, GLA funding and Historic England grant
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Personnel

1. Number of staff (current and additional): 2 ftes
 2. If from existing staff resources, number of staff hours:
-

Legal

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

1. Summary of Procurement Implications: The correct procurement process has been undertaken to date under advice from the Head of Procurement.
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): In 2006 the park's visitor numbers were estimated at 1.68m.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Yes
2. Summary of Ward Councillors comments: Cllr Wilkins said: "delighted to see substantial recent progress and look forward to the further renewal of the park".

3. COMMENTARY

- 3.1. Following the update report provided to the Executive in March 2017 (DRR17/016) the development stage of the Crystal Palace Park Regeneration Plan has now been completed.
- 3.2. The purpose of the Crystal Palace Park Regeneration Plan is to deliver the strategy for the regeneration of Crystal Palace Park set out in the March 2015 report to the Executive (DRR15/020). The agreed approach was to develop a regeneration plan for the park made up of three strands:
- a capital scheme to regenerate the park in line with the vision of the Masterplan,
 - a new form of governance, and
 - a new park specific business model.
- The outcome being improved parkland that enables a new sustainable business model, which could be adopted by a new governing body taking the park out of local authority control.
- 3.3. The Regeneration Plan follows numerous unsuccessful attempts, since the 1980s, to regenerate the park. Including the 2007 Masterplan, valued at £100m to deliver, and the ZhongRong Group proposal in 2013. The development of the Regeneration Plan has taken a pragmatic approach which is focussed on delivery and its development has been informed by the likely capital funding available and the requirement for future sustainability.
- 3.4. During the development of the Regeneration Plan a previously unappreciated urgency to deliver the park's regeneration now has come to light. The 2007 Masterplan identified enabling sites to fund park regeneration works, which have outline planning permission. The most valuable of the housing sites, at an estimated £15.44m, is Rockhills where the Caravan Club is currently situated. The Caravan Club's lease can only be broken every thirty years, and the 31st December 2018 is the next date that the lease can be broken.
- 3.5. Under the lease the Council has to give not less than 24 months' notice ie notice had to be served before 31st December 2016. A contractual notice was served on 21st November 2016. However, for the reasons set out in more detail within paragraph 9.2 below, a further notice still has to be served under the Landlord and Tenant Act 1954 to effect the termination. If the Council does not proceed with the Regeneration Plan now it will not be able to oppose the grant of a new lease to the Caravan Club and the courts could order the grant of a new lease for up to 14 years, which would prevent any redevelopment during that time. Therefore if the Council wishes to proceed with the Regeneration Plan the decision cannot be delayed.

Capital scheme

- 3.6. The capital scheme development has been led by AECOM who were contracted by the Council in early 2016. In May 2016 AECOM held workshops attended by key stakeholders, including the Greater London Authority (GLA) and Historic England. At these workshops the vision for the park was determined and priorities and criteria for options agreed.

Regeneration Plan vision:

For the park to be a place of fun and recreation in the spirit of Paxton's vision celebrating excellence in landscape and horticulture, and providing facilities and events in keeping with a park of international significance.

Regeneration Plan priorities:

- Repair and improve infrastructure throughout the park.
- Conserve and interpret historic assets in the park.

- Reconnect and open up the central walk/ Paxton Axis through the park.
- Restore the architectural presence and grandeur of the terraces.

Regeneration Plan criteria:

- Work within the likely Capital Budget available.
- Deliver the vision and regeneration aims.
- Meet the regeneration priorities.
- Respond to community engagement.
- Respond to business plan findings including opportunities for income generation.
- Work where possible within the established Masterplan planning principles.

- 3.7. Throughout 2016 community consultation events were held in the park, transport surveys were undertaken, and research undertaken on funding and potential income streams. Six options for park regeneration were developed which were reviewed by Historic England, the Crystal Palace Park Project Executive Board, the Heritage and Environment Group, the GLA and the Shadow Board.
- 3.8. All the options were considered to be deliverable within the likely available Capital Budget from Lottery funding and Capital Receipts, and met the vision, criteria and priorities listed in paragraph 3.6. Following the options appraisal review a preferred scheme was identified which has been developed further and fully costed.
- 3.9. The preferred scheme is described and illustrated in Appendices A and B, and the Implementation Plan for how this capital scheme would be delivered, is detailed in Appendix C (this appendix is commercially sensitive and is only available to Members).
- 3.10. In summary the Regeneration Plan capital scheme would deliver the following improvements within the park:
- Park wide infrastructure improvements: The removal of clutter including redundant fencing and signage; removal of central parking (restored to parkland – parking moved to periphery of the site); improved wayfinding, pedestrian routes, paths and entrances; new limited low energy lighting to illuminate key pedestrian routes; restoration of historic views; new SUDS system; and the enhancement of habitat diversity through ecology corridors.
 - Anerley Hill Edge: The improvement of pedestrian access between Norwood Triangle and Crystal Palace Station; and the enabling of the relocation of Capel
 - Palace Terrace: Reinstatement of park entrance from Crystal Palace Parade; levelling of ground and introduction of low maintenance gardens; enabling of potential development of cultural space at Subway site; and the redefinition of the Lower Palace Terrace to become a servicing area for significant events.
 - Italian Terrace: Conservation of terrace walls; relocation of Paxton bust to original location; and creation of purpose built 3.8ha event space.
 - Transitional landscape: The return of landscape to grass with trees and shrubs to re-establish parkland in this area.
 - Tidal lakes: Undertake outstanding repair work to dinosaurs and improve dinosaur landscape; open up Penge Gate and enhance car park; renovate Anerley or Thicket Road gate; and create new playground.
 - Cricket Ground: Remove playground; refurbish or remove the Information Centre; relocate maintenance depot and renovate car park; and construct the Sydenham Villas residential development.
 - English Landscape: Provision of new coach park; construction of Rockhills residential development, community rooms and day nursery; return of areas back

from private use to parkland; enable new uses for the Concert Platform and Westwood Gate toilet block; and create new playground.

- Paxton Axis: Return the route of the axis to its original ground levels along the spine of the park.

3.11. These improvements would address the key issues for existing park users improving the general quality of the parkland, enable park events on the Italian Terrace that support the proposed business model, and will remove the five historic structures from the Heritage At Risk register. The regeneration approach is pragmatic and modest to reflect the expected funding available.

3.12. The programme for delivery is set out in Appendix D. The Implementation Plan has developed a staged approach summarised as follows:

Phase two:

- August 2017 to December 2017: investigations, surveys and development of design for outline planning submission.
- January 2018: submission of outline planning application.
- August 2018: submit HLF round one grant application.

Phase three:

- January 2019 to June 2019: market Rockhills and Sydenham 1 (St John's ambulance and maintenance depot) residential sites.
- January 2019: submit detailed planning application for stage one.
- Year 2020: construction works for stage one.
- January 2020 to June 2020: market Sydenham 2 (nursery) residential site.
- January 2021: submit detailed planning application for stage two.
- February 2021: submit HLF round two grant application.
- Year 2022: construction works for stage two.
- April 2023: submit detailed planning application for stage three.
- Year 2024: construction works for stage three.

Planning

3.13. Two pre-application meetings have been held to inform the development of the Regeneration Plan. These meetings were attended by Bromley's Planning Authority, Historic England, AECOM and Council officers, and will continue until the outline planning application is submitted.

3.14. The 2007 Masterplan has set a planning precedent, and made the case for the Rockhills and Sydenham Villas enabling development, however achieving outline planning permission remains a significant project risk. Without the funding from the enabling development the strategic park-wide Regeneration Plan is not deliverable.

Cultural venue – expression of interest

3.15. The 2007 Masterplan identified a site for a new museum linked to the historic Subway on the Palace Terrace. This proposal has been investigated as part of the Regeneration Plan development primarily because it provides a solution for the historic Subway building. The Subway as a standalone structure is difficult to manage and develop a long term future for. By joining the Subway with another structure it creates new opportunities for a sustainable future.

- 3.16. The Masterplan identified the museum building structure as tall with a modest footprint, as shown on the drawing in Appendix E. There is we believe community appetite for a structure of this size, but not for a very large building recreating the Crystal Palace as the ZhongRong Group had proposed. A large building would also pose other previously unappreciated issues for the neighbouring TV transmitter, the largest in London serving 20m people, a third of the country's population.
- 3.17. To understand potential market interest in this site an expression of interest was published inviting all cultural organisations, not just museums, to informally express an interest in the site. This process was widely publicised in national media and the information pack received 664 unique visits.
- 3.18. Seven organisations engaged in conversation with Council officers on the potential of the site, however only two submitted expressions of interest. One of these was submitted by a grass roots organisation interested in developing a theatre and art house cinema at the site, the other was from an experienced developer interested in developing a cultural mixed use site with creative workspace and nursery. Both were interested in incorporating a Crystal Palace Museum in to the development and would provide free public access to significant portions of the site.
- 3.19. The Shadow Board is very keen that the cultural venue proposal is pursued, and it does provide an important possible future for the Subway. Therefore it is recommended that officers continue to pursue this as part of the Regeneration Plan and undertake a formal market invitation exercise once outline planning permission is in place. The obligation to advertise any proposed disposal as set out in paragraph 9.1 should also be noted.

Funding and costs

- 3.20. A cost plan for the delivery of the Regeneration Plan has been developed. Knight Frank has valued the enabling development housing sites in the current market at £24.84m. This value would increase if the freehold for the sites was sold, however by maintaining the freehold annual income can be generated for the Council through a ground rent. The estimated value of the ground rent is £55k per annum.
- 3.21. As set out in paragraphs 3.4, 3.5 and 9.2, if the Council does not proceed with the Regeneration Plan now the value of the Rockhills land will not be able to be accessed for a likely fourteen years due to statutory protection afforded to the Caravan Club. Therefore the potential enabling development funding is only available for a limited time.
- 3.22. In addition a successful Parks for People grant application to the Heritage Lottery Fund would realise £5m. Therefore the total assumed budget, bearing in mind the original Improvement Scheme budget mainly funded by the Mayor of London, is £32.11m.
- 3.23. The Mayor of London has written to Sport England, the Heritage Lottery Fund and the Big Lottery asking them to consider coming together to provide a significantly larger grant for the regeneration of the park and National Sports Centre site. Initial responses have been positive and Deputy Mayor Jules Pipe is expected to meet with the lottery bodies to discuss further. Therefore there is a possibility that increased grant funding could be accessed.
- 3.24. If increased grant funding was made available significant enhancements to the modest Regeneration Plan could be made, including to the quality of works, the Subway and museum sites, and to community facilities throughout the park such as the Concert Platform. Additional funding could also assist with the period of staged handover between the Council and the potential future governing Trust.

- 3.25. The cost of progressing the Regeneration Plan to submission of the outline planning application is estimated to be up to £625k. This sum is made up of £400k planning related costs, £100k for the relevant proportion of AECOM's fee, £25k to update the outline design work for the enabling development, and the estimated £100k planning application fee and printing costs which would be required to be paid to Bromley's Planning Authority. This spend would be at risk as planning permission cannot be guaranteed.
- 3.26. AECOM has provided a breakdown of the £400k planning related costs and £100k for the relevant proportion of AECOM's fee, which includes survey work, to progress the outline planning application to submission. These require further scrutiny by an appropriate panel of officers to ensure both that: the planning related costs do not duplicate work that should already be covered by AECOM's tendered fee for the delivery of the Regeneration Plan; and that the quoted costs are in line with the fee structure submitted as part of their original tender.
- 3.27. The Regeneration Plan follows on from the park Improvement Scheme currently being delivered as set out in paragraphs 3.39 to 3.49. The park's Improvement Scheme and Regeneration Plan income and expenditure is set out in the following table:

FUNDING		
Phase 1	£'000	£'000
GLA grant for improvement scheme	2,000	
Historic England Grant	106	
Council match funding for improvement scheme	160	
Capital Receipts for regeneration plan phase 1	495	
Additional funding for LBB for café from capital receipts (as per recommendation 2.4)	242	
Total Phase 1 Funding		3,003
Phase 2		
Capital Receipts for regeneration plan phase 2 (as per recommendation 2.3)	625	
Total Phase 2 Funding		625
Phase 3 (Potential Funding)		
Capital receipts - Rockhills	15,440	
Capital receipts - Sydenham Villas	9,400	
HLF grant for Regeneration Plan	5,000	
Net return to capital receipts	-1,362	
Total Phase 3 Funding		28,478
TOTAL FUNDING		32,106
EXPENDITURE		
Phase 1	£'000	£'000
Improvement Scheme capital works	2,266	
Regeneration Plan - development stage one	495	
Improvement scheme café additional funding	242	
Total Phase 1		3,003
Phase 2		
Planning application estimated development costs	400	
Planning application fee	100	
Outline design work for enabling development	25	
AECOM fee	100	
Total Phase 2		625
Phase 3 (anticipated expenditure)		
Regeneration Plan capital works	21,450	
AECOM tendered fee	1,681	
Endowment	4,600	
Staffing costs in 2018/19 and 2019/20	195	
Legal costs	27	
Activity plan - requirement of the HLF	525	
Total Phase 3		28,478
TOTAL EXPENDITURE		32,106

Business model

3.28. Fourth Street consultancy has developed an initial draft business model, Appendix F (this appendix is commercially sensitive and is only available to Members), for the park, should the park be transferred from the Council in the future to a governing Trust. This business model is based on market research and identifies that an endowment fund of £4.6m, generating revenue interest of £184k pa through investment in a Charitable Investment

Fund, would be required to bridge the gap between income and expenditure. This is therefore included as a future cost in the table in paragraph 3.27.

- 3.29. The full business model identified is forecast to be able to come in to action in 2027/28. This forecast is determined by the capital programme and when diverse income streams come to fruition. For example the annual ground rent income of £55k per annum will become payable only after the enabling housing development is built. The business model developed identifies a continuing annual grant from the Council to a future park Trust, in a standardised year, of £125k per annum, which would replace existing park revenue costs.
- 3.30. The project team is currently awaiting confirmation of current detailed annual costs for the management and maintenance of the park from the Green Space team, and therefore finance cannot take a view on the robustness of the business model at this time or of any potential future revenue saving to the Council that an annual grant of £125k represents.
- 3.31. However it is clear that Crystal Palace Park will need to be listed as a separate lot in the new Green Space contract due for renewal on 1st April 2019, so that the Council and the potential new park governing body are clear on future park costs, and to enable the park to potentially be removed and separated from the Council's Green Space contract at any time in the future.
- 3.32. Although further information from the Green Space team is required for a view to be taken on the business model, this should not prohibit the progression of the capital scheme, particularly given the urgency around releasing funding from the Rockhills enabling development.
- 3.33. The capital scheme is not reliant on the business model. In the worst case scenario the Council would continue to manage the park and the endowment monies would enable the maintenance of the improved park. However this is not the community's preference and officers will be working to try and ensure that the park is transferred to a governing Trust in the future as set out in the original Regeneration Plan strategy. Again, the obligation to advertise any intention to grant a lease to the Trust as set out in paragraph 8.1 should be noted.
- 3.34. A further report on a future business model for the park will be brought to the Executive in due course.

Governance

- 3.35. As set out in report DRR17/016, in September 2016 the first meeting of the Shadow Board was held. This Board is expected to develop in to the park's new governing Trust, and has been shadowing the Council's development of the Regeneration Plan as a key stakeholder.
- 3.36. It has long been recognised that the park would benefit from its own dedicated governance and management model. Crystal Palace Park is a 200 acre London park meeting the border of five local authorities. It is a complex historic site of a different scale and importance to Bromley's other green spaces. The park contains structures of international historic importance and is used as a regional facility.
- 3.37. At the May 2017 park open days the Board became public facing and introduced themselves to the wider community. The Board is made up of nine members who all live locally to the park. They are listed below alongside their specialisms:

Amy Anderson – communications.

Andrew Close – town planner and urban designer.

Philip Colvin QC –public, property and planning law.
Simone Crofton – development of visitor attractions.
Lucy Fitton – learning and participation.
Laurie Handcock – planning and development of listed buildings.
Lucy Hopkins – marketing and community engagement.
Clive Maxwell – financial management and organisational change.
Martin Tempia – community engagement.

3.38. Later this year the Shadow Board plans to formalise itself and become a Trust as the first step in preparing the body to develop over the coming years and position itself so that it has everything in place to take over the future management of the park. The timescales for handover are dependent on the business plan development and how the period prior to the standardised year in the business model is addressed.

Improvement Scheme

3.39. Separate to the Regeneration Plan, the Improvement Scheme is currently being delivered in the park. The Improvement Scheme has largely been funded by the Mayor of London with financial contributions from the Council and Historic England. The Improvement Scheme is made up of six capital projects all of which are either complete or the contract has been awarded (in the case of the skatepark), with the exception of the new park café.

3.40. An unrestricted open tender process was followed for the café works contract, and tenders were evaluated on a 60% price and 40% quality weighting criteria.

3.41. The tenders were evaluated for quality by a panel of four people which included officers from the Council's Leisure and Culture team and Amey. The panel were advised by the project's design team.

3.42. As part of the Improvement Scheme the estimate for delivering a new café was £990k including 10% contingency. However when tender returns were received they far exceeded this estimate. A value engineering process was undertaken and a tender addendum issued, however the lowest return after this process was still significantly over the budget available.

3.43. The Council then entered in to a dialogue with the two lowest tenderers and went through a detailed process with the Quantity Surveyor, identifying savings and errors which were inflating the price. The outcome of this process is that the lowest tender, (including 10% contingency) is £242.3k over budget.

3.44. The consensus quality scores and confirmed prices were entered in to the Council's evaluation matrix which utilises the Chartered Institute of Public Finance and Accountancy (CIPFA) evaluation model.

3.45. Price: The matrix calculates an overall mean price, ie the arithmetic average value bidden across all tenders received. Each bidder is automatically allocated an initial 30 points – half of total weighting points available. Individual scores are then allocated an additional 1.2 points for each 1% above the mean, or deducted 1.2 points for each 1% below the mean. The Council may, where permissible, exclude bids assessed to be a) too low to be credible, or b) any bid that has been priced 25% above the mean as these are deemed too high to be affordable.

3.46. Quality: Tenderers are assessed for suitability through a standard pass/fail questionnaire. Officers evaluate all tenders that pass the suitability questionnaire against eight quality criteria which measure the tenderers ability to deliver the project:

- 3.47. All tenderers were required to score 5 or above against each criteria in order to be considered compliant. Tenders that score below this threshold for any criteria are not considered for contract award. The scoring methodology used was as follows:
- 3.48. Due to commercial sensitivity the outcome of the tender process is detailed in the associated Part Two report. Members are asked to approve the award of contract to the identified winning tenderer and approve additional spend of up to £242.3k, funded from capital receipts in order to deliver the Crystal Palace Park café project.
- 3.49. Members should note that a solution to bring the scheme in on budget by deferring the first floor works was rejected by the Mayor of London, the primary funder. Therefore so as to not lose the GLA grant monies it is proposed that the additional £242.3k required is underwritten by the Council. The £242.3k includes the £112k contingency which may not be spent. In this scenario any remaining contingency monies may be used in the future as part of the Regeneration Plan after the enabling development receipts are realised.

National Sports Centre

- 3.50. The Leader of the Council met with the Deputy Mayor, Jules Pipe, in May 2017. At this meeting the GLA confirmed that they are working on the development of a revised scheme for the National Sports Centre which will be brought forward for stakeholder and community consultation in the future.
- 3.51. The Council could not continue to wait for the GLA to come to a view on the future of the National Sports Centre without jeopardising the Rockhills enabling site income. Therefore the Regeneration Plan should not be put on hold because of the uncertainty around the sporting facilities. The GLA has confirmed that their developing plans will not conflict with the Regeneration Plan scheme.

Key issues and risks

- 3.52. Regenerating Crystal Palace Park is a highly complex project. The park is a multi-faceted site with a broad range of issues from leased buildings to historic assets. A risk register (appendix G) has been produced setting out the key risks to the delivery of the capital scheme. The Council's memory of the process undertaken to secure planning approval for the 2007 Masterplan provides an insight in to the complexities of delivering this scheme.
- 3.53. Having the Masterplan planning permission in place means that the planning principle has been established, however this does not mean that progressing this scheme will be a simple task. Nonetheless the Council has an opportunity now to take forward a plan to regenerate the park, a long held aspiration, and if this opportunity is missed, a significant proportion of the potential enabling funding will not be available to access for a likely further 14 years as set out in paragraph 9.2.
- 3.54. Although the table in paragraph 3.27 outlines a fully self-funded scheme, the potential income and anticipated expenditure for the scheme the project is at an early stage and further costs may come to light which have to be factored in that impact on the funding available for the items identified to date.
- 3.55. Additionally, through the planning process, the Council may not, for example, be able to recover the spend on staffing to date as it may not be considered an acceptable cost to be borne by the enabling development Capital Receipts. Furthermore, to try and ensure a successful outcome for the Heritage Lottery Fund grant application, the Council may be advised to contribute match funding to the Parks for People bid. Therefore Members should be mindful that a Council capital contribution may be required to be committed in the future if this scheme is progressed.

- 3.56. Another issue to note is that the work undertaken to date on the business model identifies that an endowment will be required. This is identified in the table in paragraph 3.27 as anticipated expenditure. However, it is not known at this time whether this will be an acceptable use of the enabling development money.
- 3.57. Finally Counsel opinion has been sought in regards to whether once outline planning permission is in place the enabling development sites can be put to market to generate the Capital Receipts and the regeneration work then undertaken; or whether the Council would be required to fund the capital scheme and then sell the enabling sites thus recouping the cost. Counsel are yet to provide a view on this matter, however internal cross department discussions suggest that it should be possible to make the case to generate the Capital Receipts in advance.
- 3.58. There are significant issues and risks in relation to the delivery of the Regeneration Plan, however the plan offers the only identified holistic solution to the park's regeneration and a sustainable future through the Regeneration Plan's development of significant diverse income streams.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

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

5. POLICY IMPLICATIONS

- 5.1 The park is shown with various designations and policies in the Development Plan (Bromley Unitary Development Plan and the London Plan). There is an outline planning permission in place for the Masterplan, which has established the planning principles.
- 5.2 Bromley's Local Plan and housing targets include the units within the Masterplan's housing sites, which have outline planning permission in place. These housing sites are included within the new Regeneration Plan.
- 5.3 The Regeneration Plan will require separate planning consent. The approach will be to secure outline planning permission for the whole scheme, followed by detailed planning permission for each of the three stages of works.

6. PROCUREMENT IMPLICATIONS

- 6.1 A competitive procurement process using an EU compliant framework was undertaken to appoint AECOM as set out in report DRR16/009. The fee for stage one was fixed, however the fee for stage two, the delivery of the Regeneration Plan is calculated as a percentage of the value of the scheme as set out in the following table.

Stage 1 Cost	Stage 2 Cost							
	£10m		£25m		£50m		£75m	
	% Fee	Total	% Fee	Total	% Fee	Total	% Fee	Total
£ 248,824.00	8.75	£875k	8.15	£2.037m	7.65	£3.825m	6.72	£5.040m

- 6.2 At tender stage AECOM provided their maximum percentage fee against the cost of the delivery of the capital scheme. As the delivery of the scheme was unknown at the time of going to tender four indicative price bands were set.
- 6.3 The value of the capital scheme including inflation and contingency is £21.45m. Therefore it falls within the £10m to £25m price band and AECOM's fee at 8.15% is £1.748m.
- 6.4 Depending on whether the additional £400k estimated planning costs are treated as part of the capital scheme and are subject to AECOM's fee, the fee could increase to a maximum of £1.781m.
- 6.5 Officers have sought advice from the Head of Procurement to ensure that the Stage Two fee is accurately calculated and to ensure the correct process is undertaken in relation to the £400k planning related costs.

7. FINANCIAL IMPLICATIONS

- 7.1 This report is seeking approval to progress Phase 2 of the Regeneration Plan at a cost of £625k, funded from capital receipts.
- 7.2 A further £242.3k is also required from capital receipts to deliver the Crystal Palace Park Café project. The Capital Programme will be amended to reflect these decisions.
- 7.3 The table below summarises Phase 1 and Phase 2 of the project: -

Funding	£'000	£'000
<u>Phase 1</u>		
GLA grant for improvement scheme	2,000	
Historic England Grant	106	
Council match funding for improvement scheme	160	
Capital Receipts for regeneration plan phase 1	495	
Additional funding from LBB for café from capital receipts	242	
Total Phase 1 Funding		3,003
<u>Phase 2</u>		
Capital Receipts for regeneration plan phase 2	625	
Total Phase 2 Funding		625
TOTAL FUNDING FOR PHASE 1 & 2		3,628
Expenditure		
<u>Phase 1</u>		
<u>Phase 1</u>		
	£'000	
Improvement Scheme capital works	2,266	
Regeneration Plan - development stage one	495	
Improvement scheme café additional funding	242	
Total Phase 1		3,003
<u>Phase 2</u>		
Costs and fees for outline planning submission	625	
Total Phase 2		625
TOTAL EXPENDITURE FOR PHASE 1 & 2		3,628

- 7.4 The Regeneration Plan will improve the facilities within Crystal Palace Park, even if it is not transferred to a Trust.
- 7.5 There will be a loss of rental income for two years of up to £98k, (£49k per annum), during the actual works of Phase 3, from the Caravan Club and St Johns Ambulance. This will need to be funded from resources within the Portfolio. It is expected that the Council will receive £55k per annum for ground rent should the housing development be built.
- 7.6 The evaluation of the draft business plan and assessment of any potential savings cannot be undertaken until the detailed annual costs for the management and maintenance of the park are confirmed. A further report on the future business model for the park will be brought back for consideration in due course.
- 7.7 At this moment in time, on the basis that Capital Receipts from the enabling development may be able to be raised in advance, it is not anticipated that the Council will need to borrow funding for Phase 3 of the Regeneration Plan.
- 7.8 It should be noted that as the Council has accepted the GLA funding of £2m, it has made the commitment to reinvest any income generated as a result of this capital funding, back into the park and not directly use it to subsidise revenue provision.

8. PERSONNEL IMPLICATIONS

- 8.1 The delivery of the Regeneration Plan will continue to be resource heavy and requires the continued employment of two additional staff on fixed term contracts.
- 8.2 The existing allocation of £495k capital funding will continue to cover the cost of staffing until March 2018. After this time further budget will be required to fund staffing, as identified in the table in paragraph 3.27; however the make-up of the staff team may change at this time depending on the progression of the business plan and governance strategy.

9. LEGAL IMPLICATIONS

9.1 Section 123 Local Government Act 1972

Section 123 (2A) of the Local Government Act 1972 provides that a Council cannot dispose of any land consisting or forming part of an open space unless they first publish notice of their intention to do so for two consecutive weeks in a local newspaper, and then consider any objections to the proposed disposal which may be made. Therefore, before the Council can make a final decision to grant a lease of the park to the proposed Trust; to sell any part of the Sydenham site which currently forms part of the park; or to sell or lease the proposed museum site, it will be necessary to advertise as required, and to report back on any objections received.

9.2 The Caravan Club

The Caravan Club lease contains a notice provision allowing the Council to terminate the lease early by notice once every 30 years if it proposes to redevelop the site. The next termination date is 31st December 2018; under the lease the Council has to give not less than 24 months' notice ie notice had to be served before 31st December 2016. Notice was served on 21st November 2016.

However, because the lease is protected by the Landlord and Tenant Act 1954, the Council also has to comply with the statutory notice requirements in the Act. Normally this would be done by a single notice for both purposes but under the Act the maximum notice period is 12 months. Consequently, a further notice to terminate the lease under s25 of the Act will have to be served in January 2018. If the Council does not want to grant a

new lease then it must comply with one of the statutory grounds in the Act - redevelopment is one of those grounds. The tenant has a right to object to the notice and to refer the matter to the local county court where the landlord has to be able to show (*at the point of the court hearing, not when the notice is served*) a fixed and settled intention to do what it says it intends to do (ie redevelop) and a reasonable prospect of being able to do so. As it now appears that the Council will not offer the Caravan Club a lease of an alternative site in the Park it is highly likely that they will oppose the notice. If they are quick off the mark, they could even serve their own notice under s26 of the Act first, although the effect will be the same.

In this case, evidence of member decisions to proceed with a sale for redevelopment purposes would be good evidence of intention (as would having gone through the s123(2A) process mentioned above), while having agreed terms or exchanged contracts with a developer who is seeking or has obtained planning permission would provide evidence of there being a reasonable prospect of proceeding. As there is a good 18 months before any court hearing is likely to take place this ought to be feasible.

Failing to convince the court of a fixed and settled intention and a reasonable prospect of redeveloping the site could result in the court ordering the grant of a new lease. They cannot make an order for a lease with a term of more than 14 years, but the risk of not getting everything lined up in case of a contested hearing is that the redevelopment could be delayed by a period of up to 14 years. Members should also note that the Club will be entitled to statutory compensation of twice the rateable value of the site on leaving.

9.3 Terminating other leases to enable redevelopment to proceed

One O’Clock Club:

This lease is in the standard form for the Mytime contract and so is outside the protection of the Landlord and Tenant Act 1954 and contains an early termination clause allowing the Council to terminate on 12 months’ notice provided there has been a members’ decision to demolish or reconstruct the building or a substantial part of it or carry out substantial works of construction on it.

St John’s Ambulance:

This lease is also outside the protection of the Landlord and Tenant Act 1954 and contains a provision allowing the Council to terminate on not less than 6 months’ notice at any time after 9th June 2007.

Non-Applicable Sections:	[List non-applicable sections here]
Background Documents: (Access via Contact Officer)	Report DRR17/016 – Crystal Palace Park Regeneration Plan Update Report DRR16/009 – Crystal Palace Park Regeneration Plan Report DRR15/020 – Crystal Palace Park Appendix A – Capital scheme indicative site plan Appendix B – Regeneration Plan Appendix C – Implementation Plan (commercially sensitive and available to Members on request) Appendix D – Programme Appendix E – Subway and museum building footprint plan from 2007 Masterplan Appendix F – Draft business model and ten year profit and loss forecast (commercially sensitive and available to Members on request) Appendix G – Risk register