

REPORT FOR:

CABINET

Date of Meeting:	17 November 2011
Subject:	Whitchurch Pavilion and Playing Fields
Key Decision:	Yes
Responsible Officer:	Andrew Trehern, Corporate Director Place Shaping
Portfolio Holder:	Cllr Thaya Idaikkadar – Portfolio Holder for Property and Major Contracts
Exempt:	No
Decision subject to Call-in:	Yes
Enclosures:	Appendix 1 - The Tender Document Appendix 2 - Harrow RFC Consortium & The Whitchurch Consortium Public Presentation Proposals Appendix 3 - Harrow RFC Consortium Business Model for Sustainability Appendix 4 - The Whitchurch Consortium Business Model for Sustainability

Section 1 – Summary and Recommendations

This report sets out details of the January 2009 Tender to secure the refurbishment or replacement of Whitchurch Pavilion the maintenance of Whitchurch Playing Fields and the enhanced provision of sports, leisure and community use through a Partnering Development Project with the Council.

Recommendations:

Cabinet is requested to:

- (1) consider the findings of this report and authorise the Corporate Director, Place Shaping, in consultation with the Portfolio Holder for Property and Major Contracts, in accordance with officer recommendations, to select The Whitchurch Consortium as the Council's preferred bidder
- (2) authorise the Corporate Director, Place Shaping to consider any representations received following the placing of statutory advertisements in connection with the disposal of the open space land;
- (3) subject to consideration of those representations to authorise the Corporate Director, Place Shaping, in consultation with the Portfolio Holder for Property and Major Contracts, to enter into a Development Agreement upon the best available terms for Whitchurch Pavilion and Playing fields and subsequently to grant a long term lease and service level agreement upon successful completion of the Development upon terms which protect and enhance the use of the facility for community sport and leisure use.

Reason: (For recommendation)

To attract inward investment providing for the Pavilion to be replaced and run in conjunction with substantially improved playing fields for the benefit of the Community at large and at no financial cost to the Council.

Section 2 – Report

2.1 Introductory paragraph

This report highlights the outcome of the January 2009 Tender for Expressions of Interest in a joint development project with the Council to replace and improve the existing Whitchurch Pavilion and playing fields in a proposal to bring back into use a redundant and dilapidated sports pavilion and the management and operation of the playing fields subject to a service level agreement (SLA) securing school and third sector use, and at no cost to the Council.

2.2 Background

Whitchurch Pavilion has remained vacant since it was fire damaged some seven years ago. Prior to this it was used as changing facilities in connection with the adjacent playing fields. Whilst the sports fields are still used with aid of temporary changing facilities they are not used as much as they could be and in any event are in poor condition requiring re levelling and drainage improvements.

In November 2008 a report was submitted to Cabinet setting out options available to the Council to secure the replacement / refurbishment of Whitchurch Pavilion, the maintenance of the playing fields and the enhanced provision of sports, leisure and community use through a Development Partnership Agreement with the Private or Third Sector.

Cabinet authorised the proposal and an informal tender was held in January 2009 see **APPENDIX 1** seeking expressions of interest to either refurbish or rebuild the pavilion to meet both the bidding Organisation's own requirements and those of the Council's for new washing, shower and changing facilities for use in connection with the playing fields.

The Council proposed the grant of a long lease with the tenant being responsible for the cost of refurbishment or a replacement pavilion and the cost of all subsequent maintenance together with the management and operation of the playing fields. The extent of the site is shown for illustrative purposes only on the plan to the tender document at Appendix 1.

It is proposed that the winning bidder agrees to an SLA providing for free school access to the playing fields and changing facilities during mid week school term and reduced cost facilities within the new pavilion for hire to the Third Sector.

Whilst there were a number of interested parties and a total of 12 formally responded to the tender (four subsequently dropping out) only two were considered to merit further consideration (as measured by a diverse pre selected panel of Council officers using a scoring matrix) as the majority of bids were either closed single faith community groups, groups without the necessary funding or groups whose proposed occupational use was inconsistent with the Planning use for the property.

Officers' two preferred bidders are:

1) The Harrow Rugby Club Consortium (Otherwise known as the Whitchurch Playing Fields Consortium)

Comprising a group of five local sports clubs fronted by Harrow Rugby club

2) The Whitchurch Consortium

A private concern sponsored by a Care Home Operator but to be managed by an organisation experienced in multi hub sports centres owning and running an operation in Wanstead.

Both consortiums were required to carryout a Public Presentation during June / July 2009 to local residents held at Whitchurch First School. Both Consortiums produced leaflets for the meetings outling their proposals which are attached in **APPENDIX 2**

At these meetings, residents expressed particular concerns over parking, traffic congestion, flooding and late night use of a new facility. Given the strength of concerns raised by local residents to some aspects of the proposals it was decided by the then Administration to postpone the second stage tender process whilst the Council considered the concerns raised by local residents. A letter was sent to local residents advising of this on 9th November 2009. It was also considered appropriate to wait until the work had been completed on PPG17 (open spaces)

The matter was held in abeyance since the Council elections in May 2010 until July 2011 when the Council's two preferred bidders gave a presentation to Officers and Councillors of the new Administration.

During August and September 2011 Members visited the Wanstead Club and Harrow Rugby Club and spoke with members of each Consortium.

In the event that the administration decide not to progress the development proposals then the Council could be held responsible for their combined abortive costs thought to be in excess of £25,000.

Ward Councillors have been consulted.

2.3 Current situation

Both the Council's preferred bidders have spent considerable time, energy and costs on the project and have indicated that they cannot continue to retain an interest indefinitely. Officers are of the view that Cabinet needs to make an early decision or risk losing the only two feasible parties.

The Council's two Preferred Bidders and their Proposals

Both parties have appointed Architects who have considered and drawn up plans having established that the cost of refurbishing the existing pavilion is not cost effective and therefore propose demolishing the building and replacing it with a new modern Pavilion building located on the playing fields approximately a hundred meters to the north west of its current location.

Its proposed new location is considered critical to both bidders as it moves the Pavilion to a more central location thereby cutting down on potential light and noise pollution, overlooks and therefore interacts with the playing fields and is sited just off the Environment Agency's designated flood plain which runs through the middle of the site in a broadly west/east orientation.

Harrow Rugby Club Consortium

Who are They

This is a consortium of 5 local private amateur sports clubs which provide access to sport through membership of their respective clubs. There are no barriers to membership upon payment of an annual subscription.

With the exception of Harrow Rugby Club who have their own premises at Grove Field Wood Lane Stanmore where they hold a lease from the Council all the other clubs rent sports pitches and changing facilities from the Council and none have an established home ground with clubhouse.

Harrow Rugby Club
St Josephs Football Club
Parnell's Gaelic Football Club
Granuaile Hurling Club
Headstone Manor Ladies Cricket Club.

Their vision

Harrow RFC's success in developing mini and junior rugby leading to over 250 children attending Sunday morning coaching sessions resulting in the Club them outgrowing their facilities at Grove Field particularly in terms of requiring more pitches. Their motivation is therefore relocation to larger grounds which they either own or have a long lease. Without this form of ownership the ability to raise funds through sports grants are limited.

All the other clubs in the Consortium rent several pitches and do not have an established home ground and club house. Without these facilities it's difficult for these clubs to raise money and to provide a social element to their sports activities.

It is Harrow RFC's belief as the lead partner that with the other four clubs under one roof contributing to the financial running costs of a continuous year round sporting facility this can be a sustainable operation for 5 amateur non profit making clubs.

Their Development Proposals

- Demolish the existing Pavilion
- Build a new 2 storey pavilion comprising approximately 13,000 ft² gross internal area (GIA) providing modern changing and medical facilities with a function suite and bar and meeting rooms available for community and private use.
- Provide on site parking for 300 vehicles.
- Make secure the perimeter where necessary
- Provide 24 hour on site security

- Re-lay and provide new drainage to the pitches
- Plant new trees and bushes around the perimeter of the site
- Develop two ecological areas to increase the bio diversity and provide enhanced habitat for flora and fauna.

Harrow Rugby Club have had a Pre Planning Application meeting with the Planning Department to discuss their development proposals which have as a result been refined and which in principle are deemed acceptable.

Accordingly it is anticipated that a planning application could be submitted within three months of an appointment as preferred bidder.

Their Funding proposals

Harrow Rugby Club Consortium's Architect estimates the cost of the Pavilion to be circa £2,000,000 with a total project spend estimated at £3,000,000 to include fitting out of the pavilion and all external works to include improvement of the playing fields and flood lighting.

The Consortium is totally reliant on grants and a capital receipt from the sale of their lease at Grove Field for the costs of the development. None of the proposed grants are guaranteed and the consortium are only able to bid for Grants in the relevant year hence delay in the project has made it difficult for them to get any guarantees of funding.

Their proposed sources of funding are as follows

- 1) A Letter from an Organisation offering to pay a minimum of £1.5million for the assignment of Harrow Rugby Club Lease and officers have been advised verbally by the President of the Organisation that if more money is required then this could be extended to £2M.
- 2) Such a proposal would be conditional on the Council (acting as Landlord) granting consent to the assignment of the lease although it would be unable to unreasonably withhold consent to an Assignee intending to use premises in accordance with the user clause as a Private Sports Ground.
- 3) The RFU may provide grant money for the drainage / playing surface improvements and floodlighting.
- 4) The MCFA and the Football Foundation have indicated in the past a potential grant of £500,000.
- 5) Potentially £150,000 from the London Marathon Trust.
- 6) Potentially funding available from the London Mayors Legacy Plan.

Their Proposals for Sustainability

The Consortium's income sustainability model is included in **APPENDIX 3.**

In simplified terms this assumes an annual income of £140,500 in the first year followed by future increases of 3% per annum. The vast majority of the income comes from the profit from bar receipts estimated at £55,000 and a proposed flat £10,000 contribution payment by each of the five clubs with the balance coming from rental income, sponsorship and room hire.

The Consortium estimate the running costs to be to the order of £135,000. Excluding bar costs and a caretaker the cost is £85,000. The latest accounts provided by Harrow RFC for year end 30th April 2010 indicate that the cost of their existing clubhouse and administration was £49,823.

Harrow Rugby Club's existing pavilion has an area of approximately 4800sq.ft and grounds in total of approximately 11 acres and their proposal is for a new pavilion of approximately 13,000sq.ft. some two and half times larger and grounds of approximately 25.50 acres.

Strengths

1. Consortium of five private voluntary sports clubs who provide access to their sports for the residents of Harrow
2. Harrow RFC has experience of running and managing a sports club and pavilion.
3. The playing fields and pavilion would be in use 12 months of the year- the individual clubs compliment each others occupation in view of having differing playing seasons through the year.
4. Good experience of playing field maintenance
5. Extensive proposals for the rebuilding of a new pavilion
6. Rugby club very active with local schools and has a large and active youth section.
7. Clubs have sports coaches who currently work within the community.
8. All Clubs involved have reached a Charter Mark standard for good practice in their sport.

Weaknesses

1. A major proportion of the funding would result from the assignment of their existing Council lease of their rugby ground in Wood Lane.
2. The balance of funding required probably around £1M is dependant upon external Grants with no guarantees or indication of timing.
3. It's thought extremely unlikely that the consortium could commence construction until the additional funding was in place.
4. Their income sustainability model is weak and underestimates likely costs.
5. No experience of running a multi sports complex on a full time basis.
6. Pavilion design particularly bar and function area will be influenced by rugby club occupation.
7. Proposal to run and organise the facility on a day to day basis through voluntary member commitment rather than a full time employed Manager is unrealistic.
8. Issues with car parking and traffic congestion at prime times at weekends.
9. Whilst it is claimed to be a consortium the major contributor will be Harrow RFC and it is proposed that they will be the Leaseholder. It is unclear what rights the other members of the consortium will enjoy.
10. Their proposal would provide a replacement rather than additional facility in the Borough.

11. Three of the clubs have turnover of £10,000 or less per year which indicates they would struggle to meet the Consortiums objective of a £10,000 annual contribution from each Member.

The Whitchurch Consortium

Who are they

The Whitchurch Consortium has been formed to bid for the Whitchurch Playing Fields tender. The consortium is made up of three main organisations, Blake Hall Club, Runwood Homes and Cavendish Rowe.

Blake Hall Club is a community and sports organisation in Wanstead, bringing members of the local and wider community together by providing multi-facility sports and leisure activities as well as educational and social opportunities.

They acquired the residue of a 99 year peppercorn lease of the premises from the London Borough of Redbridge when the previous incumbent went into receivership some five years ago.

The site contains two full size football pitches, grass athletics track, changing and shower facilities in a large single storey pavilion with function hall and club bar.

The playing fields are primarily used for grass roots football with the soccer school held on Saturday mornings being attended by some 400 children.

In addition the playing fields are used by six senior football teams and as sporting facilities by the local schools and for community sports themed events.

At weekends a café in the pavilion is operated by the Prince's Trust.

The Pavilion hall is used for dance and educational classes as well as hired by local business and charities including Age Concern and schools holding events including agriculture and gardening projects.

A full time appointed Manager oversees the operation including advertising the hiring of the complex and maintenance

Runwood Homes, a Care Home Operator was set up in 1988. The Company has been involved in the transfer of former Council care homes and their subsequent refurbishment and extension are a number of purpose built facilities.

Cavendish Rowe is a firm of London property consultants and managing agents specialising in both commercial and residential property.

For all the construction works of the new pavilion The Consortium will be using Runwood Homes in-house builders Lasserton

Their vision

Their mission statement as a community and sports organisation is to bring members of the local and wider community together by providing multi facility sports and leisure activities as well as educational and social opportunities.

They propose to replicate the current business model and structure that they operate at the Wanstead Club. They believe that Whitchurch Playing Fields gives them the opportunity to do this on a larger scale and with greater potential being close to four schools and a large surrounding residential area (The Wanstead Club is in a semi rural location) making it ideal to be the centre and focus of the local community.

Their vision therefore is to have a community sports and social club accessible to all with no barriers to membership which it is intended will be available for an annual fee of £1.

Their Development Proposals

- Demolish the existing Pavilion
- Build a new 3 storey pavilion(basement, ground and first floors) comprising approximately 18,000 ft² gross internal area (GIA)
- Basement – changing rooms, small swimming pool sauna gym and weights room
- Ground – large function hall with bar and kitchen
- First - smaller function room with café /bar and outside terrace with seating.
- A 3G artificial full size floodlit football pitch
- Provide on site parking for 300 vehicles.
- Make secure the perimeter where necessary
- Provide 24 hour on site security
- Re-seeding ,levelling and providing new drainage to playing fields
- Plant new trees and bushes around the perimeter of the site
- Proposal for Eco Project on poor drainage land to the south of Edgware Brook for nature reserve and horticultural use for school children projects – in possible conjunction with Harrow's Earth Project.

Detailed studies have been commissioned on the playing fields for their proposed Sports Use and An Ecological Perspective and Flood Control Plan for Whitchurch Playing Fields.

The playing fields will be split into essentially three distinct areas/ uses. The large main field primarily for football, the smaller field towards Marsh Lane primarily for Cricket and Athletics and the area to the south of Edgware Brook for educational and environmental projects.

The consortium will also set up a charitable arm called The Whitchurch Fields Trust, comprising Trustees who are representatives of some of their current Third Sector national partners including Age Concern, The Prince's Trust and London Community Sports Network. The Trust will work with local schools, sports teams and local community and social groups to increase participation in sports and physical activity.

The Whitchurch Consortium have had a Pre Planning Application meeting with the Planning Department to discuss their development proposals which have as a result been refined and which in principle are deemed acceptable.

Accordingly it is anticipated that a planning application could be submitted within three months of an appointment as preferred bidder.

Their Funding proposals

The Whitchurch Consortium's Architect estimates the cost of the Pavilion to be approximately £2,000,000 with additional costs of £500,000 for a 3G artificial pitch and floodlighting and £300,000 on ground improvements / drainage.

Total project spend is estimated at £2,800,000.

The Consortium is privately funded primarily by Runwood Homes through their in house contractors Lassertons. It is intended that the three Organisations will set up an SPV to take a lease of the Playing Fields with Runwood Homes and Cavendish Rowe providing the finance and The Wanstead Club the operational management.

Their Proposals for Sustainability

The Consortium's income sustainability model is included in **APPENDIX 4.**

The basic financial model is based on the experience they have and the income and expense streams generated by the Wanstead Club taking account of the extra features they are proposing and additional grounds maintenance costs.

The Cash flow assumes a February 2012 start up.

Income from the pavilion is projected to start from September 2013 the date they anticipate completion of the pavilion.

Strengths

1. Experience of running a community sports facility
2. Funding in place – consortium with private finance.
3. No inclusiveness issues
4. Intention to proactively engage with schools and the local community an integral part of their business model
5. Extensive proposals for the rebuilding of a new pavilion
6. Detailed Soil, Drainage and Arboricultural surveys completed indicating the Consortium's financial strength and serious intentions
7. Full time Manager proposed.
8. Design of bar and function area designed for general community use.
9. The Organisation brings new services and facilities to the Borough.

Weaknesses

1. Private organisation – hence profit motivation
2. Pitches – football bias – potential over supply / emphasis on football with PEPF close by.
3. Potential over reliance on hiring out pavilion for social functions such as private parties / wedding receptions.

2.4 Options considered

1) Continue running the site as it currently stands

The pavilion would not be safe to use for any activity and the potential to build on the site could be lost. Estimated demolition costs of the pavilion are in the region of £80K. Currently the pavilion is costing the Council money in terms of keeping the site safe and free from vandalism. Additionally maintenance costs of the playing fields exceed income by approximately £5,000 per annum.

The 25 acre playing fields represent hugely under utilised potential for sport and leisure facilities in view of the lack of changing facilities.

Major drainage and general maintenance improvements at substantial cost are required if the playing fields are not to continue to deteriorate.

2) Sell off the site as a potential development site

The property could be sold off to interested parties with conditions attached ensuring the current playing fields and pavilion are maintained for sport and physical activity. Disposing of the Freehold reduces the control the Council could exercise in its requirement for continued sport and leisure use.

3) Offer the site to Whitchurch School

The School currently has very limited playing field provision but would be reluctant to take on the site in view of on going costs.

4) Offer the site to the Whitchurch Consortium conditional upon an arrangement whereby Harrow Rugby Club can be accommodated at the new facility.

All amateur sports clubs aspire to owning their own premises either freehold or leasehold as the bedrock to sustainability is the dependence on income from bar, entertainment and the hiring out of the premises. For that reason despite the possibility of a large capital sum in the event of an assignment of their existing lease they would have little control over their activities at Whitchurch Playing Fields and their occupation may well conflict with the aims of the Whitchurch Consortium for a mixed or balanced usage.

For this reason it is considered unlikely that terms could be agreed that would be mutually acceptable.

5) **Grant a Lease option with Service Level Agreement to one of the Council's preferred bidders**

The grant of a lease to an organisation conditional upon rebuilding the pavilion and improving the Playing Fields together with a sports and leisure related SLA for the benefit of local schools and the local community would result in a substantially improved sports and leisure facility at no cost to the Council.

Recommendation

Officers recommend **Option 5** as being the best alternative to ensure new and improved facilities.

By entering into a Partnership with a Sports and Leisure Community Operator on a long leasehold basis the Council are able to control refurbishment / redevelopment of the site and the subsequent operation for a combination of sport and leisure related uses at no financial cost to the Council.

Officers believe that the three main criteria of an Operator of the Playing Fields for fulfilling the Council's aspirations with this site are

- 1) Current experience of running a similar multi sports and leisure operation
- 2) Financial backing
- 3) A realistic and robust business model for the sustainability of the new facility.

On the above bases it is officer's opinion that The Whitchurch Consortium is best placed to enter into a joint development arrangement with the Council.

Implications of the Proposal and Recommendation

For a development of the playing fields to be sustainable in the future there will have to be a greater reliance on income generation from the pavilion. The hiring of sports fields does not alone raise substantial income – Parks advise that it currently raises approximately £15,000 from admittedly a currently limited usage base however this sum is unlikely to be doubled even with the possible installation of G3 artificial pitch.

It is therefore anticipated that more than 75% of the income will need to be generated from activities within the Pavilion including bar profits hiring out of the hall, meeting rooms and function rooms for private parties and weddings.

This is likely to involve a high level of evening usage of the Pavilion and floodlighting an area of the playing fields for winter use.

Sensitivity to the immediate surrounding residential area can be considered in the drafting of the lease although to a large extent this will be considered after public consultation at the Planning stage.

Other aspects which will require public consultation at the planning stage are issues relating to increased weekend traffic, floodlighting proposals Licensing and in conjunction with the Environment Agency, flood alleviation.

Whilst Officers are aware of the above concerns from local residents it is believed that with a realistic approach adequate controls can be put in place to resolve these issues.

Community safety

The pavilion is a large derelict building which whilst perimeter fenced can never be entirely secure and continues to attract the attention of youths.

Legal Implications

The Council has power under section 123 of the Local Government Act 1972 to dispose of land provided that the consideration is not less than the best reasonably obtainable. Where the land to be disposed of is or includes public open space, section 123(2A) of the 1972 Act imposes a requirement for notice of the proposed disposal to be published in a local paper for two consecutive weeks and any representations received to be considered by the authority before the disposal is concluded.

Under the General Disposal Consent 2003, if the Authority wishes, it can allow up to £2M reduction on the unrestricted value in the case of a potential user who will contribute to the achievement of the promotion or improvement of the economic, social or environmental well-being of the Borough or its residents.

Where land has been used by a school as a playing field at any point in the previous 10 years, the Secretary of State's consent is required under s77 of the School Standards and Frameworks Act 1998 before the council can proceed with a disposal of that land. If consent is required a decision can take several months. Whether consent is ultimately forthcoming is at the discretion of the minister.

2.5 Financial Implications

The final award of the lease to the preferred bidder will be subject to the preferred bidder securing the funding via the Special Purpose Vehicle. It is anticipated that the business case provided in the appendix will be amplified as part of the loan approval.

2.6 Performance Issues

The Council's corporate priorities will not be negatively impacted by any leasing arrangement.

Officers do not consider that the proposed change would have a significant effect on any Performance Indicators.

2.7 Environmental Impact

The proposals will lead to a greater intensification of use of the playing fields which will inevitably lead to issues relating to noise /light pollution increased traffic and concerns over the effect of development on a designated Environment Agency flood plain.

All the above matters will be consider and controlled through the planning process and conditionality in the lease documentation although the proposal to relocate the new Pavilion more centrally within the site away from the boundaries will help to mitigate many concerns.

2.8 Risk Management Implications

Risk included on Directorate risk register? No

Separate risk register in place? No

Officers do not consider that there to be any risk implications associated with this proposal.

2.9 Equalities implications

By consulting with all interested community groups and by the preparation of informative tender documentation highlighting the requirements of an effective bid will ensure that all groups are treated fairly.

Whitchurch Consortium's mission statement as a community and sports organisation is to bring members of the local and wider community together by providing multi facility sports and leisure activities as well as educational and social opportunities.

Their vision is to have a community sports and social club accessible to all with no barriers to membership.

The proposals are consistent with Corporate Estate's existing Disposal of Property Policy and Officers do not consider that the disposal will have an adverse impact on any of the protected equality groups.

2.10 Corporate Priorities

The Proposal will not impact on any National Indicators, BVPIs or KPIs but this action will contribute to improving the management of the Council's Assets; both Use of Resources and Comprehensive Area Assessment require the Council and its partners to demonstrate improvement and innovation in Asset Management.

In terms of the Council's Corporate Priorities the report's proposals and recommendations contribute to

- Keeping neighbourhoods clean, green and safe.
- United and involved communities: A Council that listens and leads.

Section 3 - Statutory Officer Clearance

Name: Kanta Hirani	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 8 November 2011		
Name: Matthew Adams	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 26 October 2011		

Section 4 – Performance Officer Clearance

Name: David Harrington	<input checked="" type="checkbox"/>	on behalf of the Divisional Director
Date: 19 October 2011		
Partnership, Development and Performance		

Section 5 – Environmental Impact Officer Clearance

Name: John Edwards.	<input checked="" type="checkbox"/>	Divisional Director (Environmental Services)
Date: 20 October 2011		

Section 6 - Contact Details and Background Papers

Contact: Andrew Connell
Senior Professional - Estate Development
Corporate Estate
Place Shaping Directorate
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Background Papers:

Report to Cabinet November 2008
Files are held in Corporate Estate

**Call-In Waived by the
Chairman of Overview and
Scrutiny Committee**

NOT APPLICABLE

[Call-in applies]