

<p align="center">London Borough of Hammersmith & Fulham</p> <p align="center">CABINET</p> <p align="center">4 FEBRUARY 2019</p>	
<p>LINFORD CHRISTIE OUTDOOR SPORTS STADIUM – PUBLIC CONSULTATION ON OPTIONS</p>	
<p>Report of the Cabinet Member for the Economy and the Arts : Councillor Andrew Jones</p>	
<p>Open report A separate appendix on the exempt part of the Cabinet agenda provides exempt financial information.</p>	
<p>Classification – For Decision Key Decision: Yes</p>	
<p>Wards Affected: College Park and Old Oak</p>	
<p>Accountable Director: Jo Rowlands, Strategic Director Growth and Place</p>	
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1. EXECUTIVE SUMMARY

- 1.1. This report sets out the current considerations around the Linford Christie Outdoor Sports Stadium (“the Stadium”) and proposes to complete a public consultation on the options available to Wormwood Scrubs Charitable Trust (“the Trust”) for the Stadium, with the consultation to be completed jointly by the Council and the Wormwood Scrubs Charitable Trust.
- 1.2. This report highlights that the continued subsidising of the Trust by the Council in maintaining the stadium site and associated management of pitches is not sustainable in the medium term, given that the Council’s own financial position means this cannot continue
- 1.3. The report notes that the Trust’s income is, without additional fundraising, inadequate to maintain the stadium site and the rest of the Trust’s land, or pay for any renovation of the stadium site.

- 1.4. Once the consultation has been completed the Council and the Trust will analyse the responses. Officers will prepare a further report for Cabinet setting out the results of the consultation and a preferred option.

2. RECOMMENDATIONS

- 2.1. To note the ongoing financial challenge that the Council and the Trust face in continuing to maintain and operate the Linford Christie Outdoors Sports Stadium and the associated sports facilities on the Scrubs.
- 2.2. To approve a joint public consultation with the Wormwood Scrubs Charitable Trust on the options for the Linford Christie Outdoors Sports Stadium for a period of 12 weeks.
- 2.3. To approve a budget of £100,000 to cover costs arising from 2.3 for professional advice required in assessing the consultation responses and making recommendations to Cabinet, to be funded from the Corporate Demands and Pressures reserve.

3. BACKGROUND AND REASONS FOR DECISION

- 3.1. The Wormwood Scrubs Trust is a Victorian Charity established and governed by the Wormwood Scrubs Act (WSA). The Council is the sole trustee of the Trust.
- 3.2. Under the WSA the Scrubs is held by the Council “for such military purposes as the [MOD] from time to time directs, and subject thereto, upon trust for the perpetual use thereof by the inhabitants of the metropolis for exercise and recreation.”
- 3.3. In practice the MOD makes infrequent use of the Scrubs, and in particular the Council understands the MOD has not used any part of the Scrubs for the past three years. However, any decisions in relation to the Trust land must take account of the MOD and their rights over the land.
- 3.4. In May 2013 at Full Council, the Council agreed to establish the Wormwood Scrubs Charitable Trust Committee in response to guidance from the Charities Commission on the role of Councils as corporate trustees and to ensure that the Council continues to comply with its duties under the Act.
- 3.5. The Trust Committee has delegated authority from the Council to make decisions or recommendations back to the Council on the operation of Wormwood Scrubs. It receives a manager's report and monitors the finances of the Trust. The Committee is made up of three members, two administration and one opposition. There are also two co-opted non-voting members, who are also members of the Friends of Wormwood Scrubs a local amenity group.
- 3.6. The Linford Christie Stadium and associated land is 6.47 hectares in size, representing 8% of the Scrubs itself. It comprises sports playing and changing facilities, and associated car parking areas. In addition to the 400m

athletics track and equipped athletics field, this includes the Thames Valley Harriers Clubhouse, as well as changing facilities for those using the stadium and the pitches on the Scrubs itself.

- 3.7. The Stadium officially opened on 5th September 1970 as the West London Stadium, but was in use from November 1968. It was given its present name in 1993. It is currently used by local sports clubs, schools and the public, with the Thames Valley Harriers having formal arrangements for use of Thames Valley Harriers' Clubhouse on part of the stadium site.
- 3.8. The Stadium site is closed and locked when not in use. Public access to the Stadium is in practice controlled, and to some extent restricted. This accords with what has been the position for almost all the period since the WSA was passed: the Stadium site has been used successively as a rifle range, an airship garage, civil defence headquarters, and currently as the Stadium.
- 3.9. The Stadium and pitches on the Scrubs are managed on behalf of the Council by the Parks and Leisure department on behalf of the Trust, however the income and expenditure on is not recognised within the Trust's accounts – instead it is managed and monitored from within the Council. This is likely to be an historical arrangement, from when the site was developed for athletics and other sports and when the difference between Council and the Charity was not recognised. The Council will consider what steps to regularise this arrangement it needs to take so there is transparency for the Trust as to total income and expenditure associated with the Trust land.

3.10. Linford Christie Stadium and Sports Pitches Income and Expenditure

- 3.11. The table below sets out the revenue income and expenditure on the Stadium

Activity	2016/17	2017/18
Fees and Charges	168,155.00	123,480
Contribution from WSCT	31,500.00	31,500.00
Total Income	199,655.00	155,023.00
Salaries	158,966.00	164,336.00
Stadium Running Costs	38,354.00	79,971.00
Maintenance and Equipment	61,414.00	11,357.00
Support Services	56,649.00	41,000.00
Misc.	3,431.00	2,310.00
Capital Charges	139,845.00	144,995.00
Total Expenditure	458,659.00	443,969.00
Profit/(Loss)	(259,004.00)	(288,946.00)

- 3.12. The income in fees and charges comes from the hire of the sports pitches and use of the athletics track and field.

- 3.13. The primary costs for operating the Stadium are the salaries of those employed on site, depreciation charges, and charges for central services. These relate to HR, finance and other costs but also include charges for the work that Corporate Property Services provide in managing repairs and capital works, and thus they fluctuate year on year depending on the level of investment required. However, Corporate Property Services does not charge for the work it does in supporting income generation for the Charity, and advising the Trust.
- 3.14. The costs above also exclude some services that are simply provided by the Council free of charge (or more accurately are gifted to the Charity). For example, the work of the commercial services team in developing income generating ideas; full recharging of officer time at meetings; work related to HS2; and the cost of the Parks Police and their work in the park, all of which are not recovered from the Trust.
- 3.15. As the table above demonstrates the Council is in effect subsidising the work of the Charity by c£120,000 a year, and by more than £250,000 a year when capital charges are considered, by not fully recovering the costs of operating the site from the Trust. The Council has consistently capped the WSCT charges at £31,500 in recent years.
- 3.16. In terms of capital spending, the Council has invested £598,781.51 in the Stadium in the period from 2011/12 to 2014/15 (which included major repairs such as the new running track), has committed to £169,614.54 in 2015/16 and 2016/17, and has planned a further £27,911.65 of works. This gives a total capital commitment in recent years of £796,307.70.
- 3.17. This does not include the recent capital expenditure in the Scrubs itself of £51,721 on a play area for young children; and £49,135 on an outdoor gym behind the Stadium.
- 3.18. In addition to this, the Facilities Management team have identified £675,000 of capital works that are required in the short term. This is separate from the capital requirement for the demolition of the artillery wall between the car parks, which is currently estimated at £500,000. This brings the total capital investment required to £1,175,000. As the Artillery wall requires capital investment, some management actions are in place and it has been fenced off (fencing provided by the Council at its cost). None of the works required include refurbishment of the buildings or bringing the facilities up to a better standard and are simply essential capital works. They would not have the benefit of increasing the revenue potential of the Stadium site.
- 3.19. Recently, there have been problems with the water systems, which has resulted in shower facilities being unavailable for the clubs that use them. The Facilities Management team have investigated and developed a solution, and costs are estimated at c.£50,000. A separate proposal to the Trust has been made with regards to this.

3.20. WSCT Financial Position

- 3.21. The Trust's primary source of income comes from:
- a) Pay and display parking
 - b) Leased parking income from Hammersmith Hospital
 - c) Lease income from utilities (UKPN)
 - d) One off events
- 3.22. In 2017/18 the Trust received a windfall income stream from the placing of the Kensington Aldridge Academy (KAA) on the Wormwood Scrubs (on the site known as the Redgra) following the Grenfell fire.
- 3.23. This produced an additional income of £216,930 in 2017/18 and is forecasted to produce an income of £93,000 in 2018/19 – although this may increase if the school remains on site for longer.
- 3.24. In addition, there was a windfall back payment from UKPN for lease charges of £100,000.
- 3.25. The primary expenditure of the Trust is on:
- a) Maintenance of the Scrubs (through the Quadrant contract)
 - b) A contribution to the operation of the Stadium
 - c) Governance and other costs
- 3.26. A summary of this is provided below:

Activity	Outturn 2015/16	Outturn 2016/17	Budget 2017/18	Outturn 2017/18	Variance
Pay and Display Parking Meters	(303,538)	(287,012)	(287,225)	(259,674)	27,551
Hammersmith Hospital Car Park Licence	(294,070)	(316,505)	(322,896)	(324,619)	(1,723)
Other income from activities for generating funds	(80,964)	(95,873)	(90,112)	(488,002)	(397,890)
Total Income and endowments	(678,572)	(699,390)	(700,234)	(1,072,295)	(372,062)
Grounds Maintenance	684,032	686,568	699,473	706,909	7,435
Contribution to Linford Christie Stadium	32,405	32,344	32,312	32,330	18
Other Expenditure	21,335	19,694	25,637	35,093	9,456
Total Expenditure	737,772	738,606	757,423	774,332	16,909
Net (income)/expenditure	59,199	40,139	57,189	(297,964)	(355,153)

- 3.27. As the table shows, the original budget was for a deficit, however the additional income has produced a surplus which will be added to the Trust's unrestricted reserves. The reserves position is therefore improved from £217,279 to £515,243 at 31 March 2018.
- 3.28. This puts the Trust in a more secure position than previous years, where the ongoing losses would have put the Trust in a position of having exhausted its reserves within five years. However, this assumes that the Council chooses to continue to subsidise the activities of the Trust and Linford Christie Stadium and as a result the Trust doesn't recognise the real costs of operating the Scrubs and the Stadium as a whole.
- 3.29. A consolidated financial position for both the Trust and the costs currently accounted for by the Council for the last two financial years shows the following:

Income	2016/17	2017/18
Fees and Charges	168,104	123,480
Trust contribution to the Stadium	31,500	31,500
Car Parks	604,000	584,293
Other Income Films, UKPN	95,000	271,072
Other Income KAA	-	216,930
Consolidated Income	898,604	1,227,275
Expenditure		
Running Costs	262,164	257,974
Council Overheads	56,649	41,000
Wormwood Scrubs Grounds Maintenance	686,568	706,909
Other Costs	19,694	35,093
Contribution to the Stadium	31,500	31,500
Consolidated Expenditure	1,056,575	1,072,476
Net Excluding Capital Expenditure and Depreciation	(157,971)	154,799
Depreciation	139,845	144,995
Consolidated Annual Surplus/(Loss) (Excluding Capital Expenditure)	(297,815)	9,804

4. SUMMARY OF THE FINANCIAL POSITION AND REASONS FOR EXPLORING OPTIONS

- 4.1. The Stadium site is considered to be in a poor state of repair and no longer fit for purpose, and major work is required to bring the facilities to the necessary standard and create a sustainable income stream. The Council has been providing regular financial and other support to the Trust pursuant to its objectives, but its own financial position means that this cannot continue.
- 4.2. The Trust's income is inadequate to maintain the Stadium and the rest of the Trust's land, let alone pay for any renovation of the Stadium and facilities.

Neither the Trust, nor the Council itself, has sufficient unallocated resources to undertake the additional necessary remedial work. The Trust would have to raise additional income through commercial activity or through fundraising in order to fund these works.

- 4.3. The income reserves currently available to the Trust will not bridge the Trust's income gap much longer, and if the Council decides to charge the actual cost of maintaining the Stadium will be exhausted within the next five years. The reserves are wholly inadequate to fund the necessary capital investments in, or serious improvements to, the Stadium site, leaving aside the need – as part of prudent management – to maintain sufficient reserves in the Trust.
- 4.4. There is therefore a risk to the future financial viability of the Trust as a whole, but the Stadium site in particular. The Trust has the option to raise the funds needed to fund repairs or make improvements however in reality it does not have the capability to achieve this. The Council does not have the unallocated budget to complete the work. Any income generation (e.g. large scale events on the Scrubs) may generate some funds that can contribute to the Trust's reserves, but they can't be guaranteed over the long term. In addition, they would only maintain the current situation with the Stadium site and would not provide for improvement to the Stadium site that may create a sustainable income.
- 4.5. The Council in its roles as trustee of the Trust is committed to finding ways for the Trust to achieve a sustainable financial position.
- 4.6. However, the Council does have an overall obligation, as a trustee, to promote the Scrubs for exercise and recreation by the inhabitants of the metropolis; and the need to promote for the public benefit the advantages of exercise, healthy recreation and community development.
- 4.7. There is an opportunity to harness the considerable potential which the Scrubs has to meet these needs, through improved facilities at the Scrubs themselves and at Linford Christie Stadium. However, the current financial position and facilities on site prevents the Council or the Trust from doing so.
- 4.8. Before any decisions are made the Council proposes to consult the public and stakeholders on the options being considered, before making any proposals to the Trust.

5. PROPOSALS AND OPTIONS FOR THE STADIUM SITE

- 5.1. The Council presented a report to the WSCTC in July 2017 outlining the above information and recommending that options be explored for the site.
- 5.2. The Council proposed to the Committee that the following objectives should be considered for any changes to the site.
 - a) Continue to provide an athletics track and field, accessible to the public
 - b) Continue to provide facilities for Thames Valley Harriers

- c) Continue to provide access to facilities for existing user groups, and be mindful of key users of the Scrubs
- d) Provide new changing facilities for teams using the Scrubs sports pitches
- e) Provide additional opportunities for community use and engagement
- f) Not disturb the operation of Hammersmith Hospital and the Pony Club
- g) Leave the Trust in a sustainable financial position for the long term
- h) Have the potential to generate income for the in the Long Term, so that any changes are financially sustainable
- i) Enable the furthering of the Trust's objectives

5.3. These objectives were developed by officers and refined with the Trust Committee to reflect the known requirements at the time, ahead of options appraisal and public consultation. As part of the public consultation residents and stakeholders will be asked what the objectives should be for any changes to the site.

5.4. Options

5.5. The Committee agreed on the 21st June 2017 that the Council should explore at least four options at this stage

- Option 1 – Do Nothing
- Option 2 – Enhance the current facilities (either through partnership or directly)
- Option 3 – Redevelop the site – Council Led or partnership led

5.6. In addition, the Committee asked the Council to explore how Imperial College London could be potentially be involved in any options. This has been considered below as part of the detailed study of option 3.

5.7. Stage 1 Options Appraisal

5.8. As part of the options appraisal officers reviewed the current facilities, their users and usage and confirmed the land title. Stakeholder consultation meetings were held with user groups and potential users to understand their needs and demands of the site. This included all the current users plus QPR football club and Imperial College's sports section.

5.9. High level design and financial assessments were carried out to establish an initial baseline of what is practically feasible and what might offer the most benefits.

5.10. The options assumed that improvements are made to the sports pitches on the Scrubs and changes to the Redgra site, along with the Stadium site.

5.11. For any of these options to proceed they would need to meet the requirements of the Wormwood Scrubs Act, and the Trust would require the consent of the Ministry of Defence and the Charities Commission.

- 5.12. The Wormwood Scrubs Act sets out obligations on the ongoing use of the Scrubs and that it is held by the Council as Trustee “for such military purposes as the [MOD] from time to time directs, and subject thereto, upon trust for the perpetual use thereof by the inhabitants of the metropolis for exercise and recreation.”
- 5.13. Therefore, before any proposals are progressed following the public consultation they will need to be assessed for compatibility with the Act.
- 5.14. In addition, as noted in in paragraph 5.2, any proposals will need to consider the impact on the Hammersmith Hospital and the Pony Club before they can be presented to the Council or the Trust.

5.15. Option 1 – Do Nothing

- 5.16. Doing nothing is a revenue losing option, with no realistic prospect of enhancing revenue generation for the facilities on site.
- 5.17. To keep the facilities functioning, the Trust will need to expend its reserves, raise charitable donations or income, or the Council will need to subsidise further, including capital works.

5.18. Option 2 – Enhance the current facilities (either through partnership or directly)

- 5.19. The site could be refurbished with improved and enhanced facilities provided on site and on the Scrubs. This would include:
- New 12 team changing rooms and clubhouse
 - New training centre for football and all-weather pitches
 - Upgrade of astro turf pitches
 - New athletics stand
 - Resurfacing of track
 - New 11 a side pitch and spectator facilities
 - Upgrades to car park
 - Improvements to access
- 5.20. These improvement options were developed following consultation with the existing users of the facilities, the parks and leisure team and based on current schools’ usage of the site. Imperial College were also consulted to identify if their requirements could be accommodated. All dimensions of sports pitches used in developing options following Sport England guidelines and for football, FA advice.
- 5.21. By improving the facilities, this creates an opportunity to increase revenue generation through both increasing the number of available weeks and sessions of the facilities from the current state (e.g. through all-weather facilities) and enabling higher charges to users of the facilities.

- 5.22. An initial assessment suggests that this could generate an additional £200,000 in fee income. This additional income is generated by doubling the number of bookings and from increasing charges to users. Prices for five a side pitches are lower than local competitors and to newer facilities, so higher quality facilities could justify higher charges.
- 5.23. An initial financial assessment is shown in appendix 1, which demonstrates that this would generate an operational surplus before capital costs are considered. However, once capital costs are considered the Council would need to continue to subsidise the Trust to cover the costs of construction.
- 5.24. A summary of a consolidated cost and income is shown in the appendix, which assumes that the maximum use of the facilities can be achieved, and which assumes costs are as in an 'average' year. The tariffs increase would impact on other parts of the Council as it would involve increased charges to local schools.
- 5.25. As a variant within this option, the Trust and the Council could consider partnership arrangements with the private sector or with the voluntary sector.
- 5.26. **Option 3 – Redevelopment of the Site – Council or Partnership Led**
- 5.27. A high-level masterplan options appraisal has identified that it is physically and practically possible to redevelop the site and provide the following uses:
- A performance venue of c.45,000 seats which could accommodate football and other sports
 - A new athletics track, stand and other facilities
 - Additional facilities that would meet the needs of Imperial College, the Thames Valley Harriers, Chiswick Hockey Club, Kensington Dragons and additional users such as through the creation of a skate park and outdoor play facilities
 - Create improvements to the Scrubs itself including improved leisure facilities which would also have revenue generating potential.
- 5.28. The capital cost of this option is higher than the other options – and is estimated at £159,000,000 for a simple construction and the external facilities. This could be funded either directly by the Council or through a partnership with an external stadium operator, e.g. a football club (option four identified above) or a combination of the two.
- 5.29. Sub leases to tenants could be granted for its use – such as sports clubs, entertainment operators – and generate a revenue stream to cover the costs of capital and create an additional surplus.
- 5.30. This option creates the following potential benefits:
- 1) Significant enhancement of the sporting facilities on site and on the Scrubs
 - 2) Long term funding security and a revenue funding stream

- 3) Long term improvements to the Scrubs for the benefit of wider population
- 4) A funder or operator may construct all facilities, removing the need for Council funding.

5.31. Option 3 Detailed Study

5.32. The first stage demonstrated that option 3 – large scale intervention – could bring about significant improvement to the site, benefits to the community and the Trust whilst also being financial sustainable. However, before confirming whether this option was suitable for public consultation and to confirm that it is an option that has a realistic proposition of being delivered, further work was instructed ahead of a public consultation.

5.33. In order to fully test the larger scale intervention more detailed work has been carried out by the Council. The Council appointed Populous architects to develop different masterplan options for the site, which could then be costed and evaluated.

5.34. This stage of the assessment has reviewed:

- a) Deliverability – Practical and physical challenges and how to overcome them
- b) Economic Scheme viability
- c) Economic opportunity and benefits

5.35. This stage has also produced:

- a) Financial capital investment development model cashflow
- b) Financial operating income and expenditure model (based on a typical year) including leasing/ownership sensitivities
- c) Capital funding
- d) Stakeholder workshops
- e) Market testing

5.36. As part of this process the Council has spoken to a number of stakeholders, including the current occupiers and users of the site, local professional football clubs, and venue operators in order to understand both market demand for this type of proposal and the community needs.

5.37. Consultation with event operators have identified that there is demand for a performance and conference space either incorporated into a stadium or as a stand-alone entertainment venue. This has been considered as part of the feasibility.

5.38. These consultations have identified the following potential demands for the site:

Community/University Demands

- Imperial College – multipurpose athletics, training and biomedical facility
- Thames Valley Harriers – ongoing clubhouse and athletics facilities
- Kensington Park Dragons – a main pitch, stand and facilities capable of meeting FA level 5 requirements
- Ongoing provision of five a side and 11 a side football pitches, grass and all weather, hockey, cricket and baseball facilities
- Facilities on the Scrubs for changing and refreshments

Operator Demands

- A multi-use entertainment venue with a capacity of 20,000 to 45,000 for a range of functions (e.g. concerts, trade shows, exhibitions, theatre)
- Capacity for football and other sports provision within a range of 30,000 to 45,000 that can be co-located with an entertainment venue
- Flexible conference facilities for up to 2,000 people within a separate facility
- A separate performance box of between 6-8,000

5.39. Populous has therefore produced a high-level masterplan vision that can accommodate all of these demands, but is flexible so that changes are possible if a final option is brought forward. This has allowed for a realistic design option to be tested ahead of a public consultation.

5.40. The site can be configured in more or less complex ways, with for example the option for the main venue to have a roof that can be raised or lowered depending on the circumstances.

5.41. This goes further than the option tested in the first phase described at 5.30 above, but provides a wide range of facilities that meet the community's needs, while providing economic opportunity for the Borough and revenue for the Trust and the Council.

5.42. There are several ways that such a facility could be arranged, designed and operated and a summary of this is set out in appendix 1.

6. CONSULTATION

6.1. This report seeks authority to complete a joint public consultation with the Trust over a minimum 12 week period on the options available for the Stadium. The results of this consultation will be considered by the Council and the Trust as part of the decision making process on the future of the Stadium.

6.2. At a meeting on the 19th December 2018 the Trust Committee received a report from Council officers proposing that a joint consultation with the Council be carried out on the options available for the site. The Committee agreed the principles of the report, but asked for amendments to be made (set out below) and the consultation will commence when the committee members have approved the final report.

6.3. The consultation period is proposed to last for 12 weeks and the key options that would be consulted on are:

- 1) Maintain the Status Quo/Do nothing
- 2) Discontinue the current uses
- 3) Complete a minor intervention to refurbish the site – with either a) the Trust or b) the Council leading and raising funds for this
- 4) Complete a major intervention, including additional facilities such as those set out in section 5 of this report - with either a) the Trust or b) the Council leading and raising funds for this

6.4. In addition, the Trust Committee asked that the following be included as part of the consultation:

- Whether a community and engagement hub related to sporting activities should be considered
- Whether an ecology centre, linked to Imperial College, should be considered
- The impact of any development on green space and the ongoing use of the Scrubs

6.5. Residents and local stakeholders will be asked for their views on these options and the facilities that could be included in any future proposals, and be provide comments on the options available.

6.6. The consultation will take place via the Council's online portal and will promoted through the usual channels, and the Council will also send letters to residents in the local area of the stadium and Wormwood Scrubs. The costs of the consultation will be paid for by the Council at no cost to the Trust.

6.7. When the consultation is finished, the Council will complete its business case process and make firm recommendations for a preferred way forward. This proposal will then be presented to the Trust committee for it to consider.

6.8. In order for the Council to assess the results of the consultation fully it will require some additional professional advice. It will specifically require legal advice as well as advice on any redevelopment proposals. These services will be procured under the Council's Contract Standing Orders, using available public sector frameworks or open tender processes.

7. EQUALITY IMPLICATIONS

7.1. It is not anticipated that proposals in this report will have any direct negative impact on groups with protected characteristics, under the terms of the Equality Act 2010. Any potential adverse impact of pursuing the different options will be assessed as part of the consultation and option development. Consultation will be undertaken ensuring access for groups of people with protected characteristics.

7.2. Once consultation has been completed and a consultation report completed, an EQIA should be completed on any preferred proposals.

Verified by Joanna McCormick, Strategic Lead, tel. 020 8753 2486.

8. LEGAL IMPLICATIONS

8.1. Consultation requirements

8.2. The proposed consultation is not a statutory consultation however it is good practice to enable the public and key stakeholders to inform future decisions.

8.3. The proposed consultation will need to be extensive, timely, and considered: R v Brent London Borough Council ex parte Gunning 1985 "To be proper, consultation must be undertaken at a time when proposals are still at a formative stage; it must include sufficient reasons for consideration and proposals to allow those consulted to give intelligent consideration and intelligent response; adequate time must be given for this purpose; and the product of consultation must be conscientiously taken into account when the ultimate decision is taken".

8.4. The proposals detailed in this report are still at a formative stage. If approval is given to consult upon these proposals the Council will embark on a detailed consultation exercise. Any future decision on the Stadium will not be made until the consultation has been completed and the results of the consultation have been properly considered by the Council and the Trust. Any final decision will need to ensure that the legal and statutory duties of the Trust have been complied with. The outcome of the consultation should be conscientiously taken into account when the ultimate decision is taken on the future of the Linford Christie Stadium

Comments provided by Adesuwa Omoregie Chief Solicitor (Planning, Highways, Licensing and Property), tel. 0208 753 2297.

8.5. Council's statutory and contractual duties

8.6. Governance and Decision Making

8.7. **Conflicts of Interest** – the Trust (effectively the Council trustee) must take independent legal and valuation advice and be able to demonstrate to the Commission how conflicts of interest have been managed. Representatives of the Council as corporate trustee should not participate in the Council's own decision making in relation to the site. This in effect means that Council officers and Councillors who have a decision making role at the Council should not participate in the Trust's decision making. To manage this risk thoroughly the Council could consider appointing independent trustees following a recruitment process.

8.8. Future Consents

8.9. Following consultation, if recommendations are made that if implemented would lead to changes to the activities on site or to development, the Trust will need to seek the consent of the Charities Commission, and the Ministry of Defence. The legal position between the Council and the MOD is regulated by a legal agreement entered into in 1980. This divides the Scrubs into a portion to the west which is available for potential military use, with remaining portion, to the east of the scrubs and including the Stadium site, being designated as 'free from military use'.

Gowling WLG (UK) LLP, 28 September 2018 RVB1/SRP1/2658104

9. FINANCIAL IMPLICATIONS

Financial context

- 9.1. This report sets out the rationale and high-level options for a public consultation exercise on the options for Linford Christie Stadium. The financial rationale as set out in 3.11- 3.19 sets out the costs borne by the Council in running Linford Christie Stadium and 3.20-3.29 includes the financial position of the Wormwood Scrubs Charitable Trust.
- 9.2. Whilst the Council receives a contribution of £31,500 from the Trust towards running costs of the Stadium, Council expenditure on the Stadium exceeds income generated by c£120,000 (excluding capital charges) per annum. In addition, the Council has committed significant capital sums to the Stadium with significant essential capital work of over £1 million being identified as necessary in the short term. These costs may be revenue costs if the works do not enhance or lengthen the life of the asset.
- 9.3. In line with Council's priority of being ruthlessly financially efficient, the Council needs to consider and challenge this expenditure to ensure that it is value for money and achieves Council priorities in the context of needing to continue to identify and deliver significant savings in the medium term.
- 9.4. The Trust's current financial position does not allow it to meet the full running costs of the Stadium in the medium term without the Council contribution to running costs and its reserves would not be sufficient to fund the essential capital works identified should the Council choose not to invest its own funds in these works.

Consultation costs

- 9.5. Recommendation 2.3 requests that Cabinet approve a budget of £100,000 to cover costs of professional advice in assessing the consultation responses and making recommendations to Cabinet. There is currently no revenue budget for this one-off activity and therefore this will be funded from the Corporate Demands and Pressures reserve.

Future costs

- 9.6. Following the consultation exercise, the Council will complete its business case process and make recommendations for a preferred way forward. The financial implications of the preferred option will be fully set out in the business case and reflected in a future decision report.
- 9.7. Implications completed by Emily Hill, Assistant Director, Corporate Finance, tel. 020 8753 3145.

10. COMMERCIAL IMPLICATIONS

- 10.1. This report seeks approval to allocate £100,000 for professional advice services. There are no direct procurement implications. However, the allocated budget must be spent in accordance with the Council's Contracts Standing Orders and the Public Contracts Regulations 2015.
- 10.2. Appropriate approval shall be sought to spend the allocated money.
- 10.3. Implications provided by Andra Ulianov, Procurement Consultant, tel. 020 8753 2284.

11. IT IMPLICATIONS

- 11.1. IT Implications: There are no apparent IT implications resulting from the proposals in this report.
- 11.2. IM Implications: If the public consultation process will involve the processing of sensitive data on behalf of H&F, a Privacy Impact Assessment will need to be completed to ensure all potential data protection risks in relation to this proposal are properly assessed with mitigating actions agreed and implemented.
- 11.3. The contracts for consultant services will need to include H&F's data protection and processing schedule. This is compliant with the General Data Protection Regulation (GDPR) enacted from 25 May 2018.
- 11.4. *Implications to be verified/completed by: Karen Barry, Strategic Relationship Manager, IT Services, tel. 0208 753 3481*

12. IMPLICATIONS FOR BUSINESS

- 12.1. There are no implications for business directly at this stage, but the consultation process should be completed in a way that allows for local businesses to make their views known to the Council and the Trust.
- 12.2. Implications completed by David Burns, Assistant Director Growth, tel. 020 8753 6090.

13. RISK MANAGEMENT IMPLICATIONS

- 13.1. primary risks at this stage are that the Council and the Trust do not complete an adequate consultation, following the requirements set out section 8.1. The Council will ensure that an internal legal review of all consultation materials is undertaken before the consultation is started, and it will use a variety of communications methods. There is some risk associated with addressing concerns of local residents' access to Leisure facilities in the borough, these should be addressed by the consultation and analysis of the data. Consultation contributes to the Council's Objective of 'Doing Things with Residents, not to them'.
- 13.2. Future decisions will need to follow the conflict of interest guidance set out in paragraph 8.7, and, depending on the outcome of the consultation, further advice in respect of permitted activities, third party consents, land transfer/disposal and the governance requirements of the Council and the Trust in taking decisions. The professional and legal advice that is being procured will support the Council in this process, and the Trust will need procure its own.
- 13.3. The responsibilities for advising the Trust have been allocated to the Director for Transport and Highways, who acts as the manager for the Trust. They are not involved in the options process for the Stadium.

14. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

None

LIST OF APPENDICES:

Appendix 1 – Further financial analysis of the options

Appendix 2 – Confidential Appendix 2 – Financial Modelling (*contained in the exempt report on the exempt Cabinet agenda*).

Appendix 1 - Further financial analysis of the options

1. Analysis of Option 2 – Enhance the current facilities

1.1. The table below sets out the expected income and expenditure from Option 2 referred to in paragraph 6.18 onwards.

Income	£
Existing Car Parking and other Income	700,000
Current Sports Fee Income (Max Usage)	200,000
Additional Sports Fee Income	200,000
Total	1,100,000
Expenditure	
Running Costs	300,000
Ground Maintenance	700,000
Other WSCT Costs	30,000
Total	1,030,000
Net Surplus	70,000

1.2. This shows that the site has the potential to generate a small surplus on its operations. However, this does not include any capital charges, including the costs of borrowing.

1.3. An initial costs assessment has highlighted the following potential capital costs for this option:

Indicative Capital Costs	£
Remove Artillery Wall	500,000
New 12 Team Changing Rooms	1,750,000
New all-weather facilities	1,500,000
Upgrade astro turf pitches	1,500,000
New Spectator facilities	250,000

1.4. There are funding opportunities

Resurface Athletics Track	500,000
New Grass football pitch	250,000
Car Park upgrade	250,000
Access improvements	500,000
Total	7,000,000

es from the Football Foundation and given the interest of the local sports clubs who have commented in the consultation that they would also help a crowdfunding campaign the capital costs could be funded in the following way:

- 50% Sports England Parklife Football Hub funding
- 10% Crowdfunding
- 40% LBHF mainstream borrowing

1.5. This would produce a capital funding requirement of £2.8m from LBHF if the Council takes a role in funding it. If this was funded from borrowing, then it would incur additional costs of c.£220,000 in interest and capital repayments, before MRP is considered.

1.6. This option would therefore require ongoing subsidy from the Council.

2. Analysis of Option 3 – Delivery a larger multi-purpose venue

2.1. There are three main options for how any scheme could be operated

- 1) All facilities are managed by a single operator;
- 2) Facilities are split between a sports operator and an entertainment operator
- 3) The facilities are sub-divided into three areas and managed under three separate contracts:
 - A) Schools and community;
 - B) University and clubs;
 - C) Professional Operators

2.2. Options Tested in Financial Model

2.3. In order to test the affordability of any schemes the designs provided by Populous have been:

- a) Tested by cost consultants
- b) Reviewed by facilities management operators to give an indication of costs
- c) Uses revenue estimates from market information
- d) Tested against potential capital funding models identified above

2.4. The model has tested the following scenarios

- a) The optimum scheme including all facilities, and with the most expensive construction option and 45,000 seats (including a roof that can be lowered or raised)
- b) The optimum scheme with 42,000 seats and a traditional roof and pitch arrangement
- c) As B but with a smaller venue of 35,000 seats
- d) No entertainment venues and only a traditional stadium of up to 35,000 seats funded by the occupier

2.5. In Options A, B and C it is assumed that development costs are funded through a long-term income funding arrangement with an institutional investor. In this scenario LBHF would grant a lease to the investor, who would grant a 50 year lease back to LBHF. The investor would provide all of the funds for the land acquisition and the construction. On completion, the Council would be required to make lease payments (rent) back to the investor. The Council would cover the costs of these lease payments through the events that happen on site. It can protect itself by entering into sub-leases with operators and tenants who would guarantee to make set payments. Any income generated above the lease payments would be surplus for the Council to control. It is unlikely the Trust would be able to enter into such arrangements directly or at least on less favourable terms than to the Council – the Trust has limited financial standing, whereas the Council has a strong covenant against which funders can rely.

2.6. In Option D it's assumed that the stadium venue is simply disposed of to the main tenant (i.e. a football club) who fund its construction and that no entertainment venues are included. The Council or Trust would need to fund all other facilities, i.e. the replacement of existing running track and other facilities, potentially from funds realised from the disposal.

2.7. The exempt appendix of this report sets out the economic appraisal for these options, but a high level summary is provided below.

	Option A	Option B	Option C	Option D
Capital Costs	425,650,621	351,227,530	316,983,815	70,396,681
Yr 1 Operating Costs	7,605,576	7,605,576	7,605,576	7,605,576
Yr 1 Finance Costs	16,045,050	13,272,217	11,996,375	2,809,107
Total Operating Costs	23,650,626	20,877,793	19,601,951	10,414,683
Yr 1 Income	27,312,106	22,312,106	20,312,106	9,343,247
Yr 1 Surplus	3,661,480	1,434,313	710,155	-1,071,436
Yr 10 Cumulative Surplus	41,399,447	16,217,424	8,029,549	-12,114,452