

Appendix 1

TITLE OF REPORT: Linford Christie Outdoor Sports Stadium – Public Consultation on Options	
Report to Wormwood Scrubs Manager for consideration at Wormwood Scrubs Charitable Committee	
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1. INTRODUCTION

- 1.1. This Report has been produced by the Strategic Director Growth and Place to enable the Council's Trustee representative (the Manager) to make recommendations to the Trust Committee on completing a public consultation.

2. EXECUTIVE SUMMARY

- 2.1. This report sets out the current considerations around the Linford Christie Outdoor Sports Stadium and proposes to complete a public consultation on the options available to the Council and the Wormwood Scrubs Charitable Trust for the site, with the consultation to be completed jointly by the Council and the Wormwood Scrubs Charitable Trust (the Trust).
- 2.2. 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 for the Council in the medium term, given that the Council's own financial position means this cannot continue, and that regardless this will not provide an ongoing stadium and athletics facility of sufficient quality.
- 2.3. 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, let alone pay for any renovation of the stadium site.
- 2.4. Once the consultation has been completed the Council and the Trust will analyse the responses. Council Officers will prepare a further report for Cabinet setting out the results of the consultation and a preferred option. Officers working with the Trust will prepare a separate report for the Trust setting out the results of the consultation.
- 2.5. The Council's Cabinet in February will receive a report recommending that a joint consultation is completed.

3. RECOMMENDATIONS

That Wormwood Scrubs Charitable Trust Committee

- 3.1. 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 associated sports facilities on the Scrubs.
- 3.2. Agree to complete a joint public consultation with the Council on the options for the Linford Christie Outdoors Sports Stadium for a period of 12 weeks.
- 3.3. Note that the Council will use its own resources to complete the consultation.

4. Background and Reasons for Decision

- 4.1. 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.
- 4.2. 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.”
- 4.3. 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.
- 4.4. 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.
- 4.5. 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 administrations 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.
- 4.6. 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.
- 4.7. 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.

- 4.8. 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.
- 4.9. The Stadium and pitches on the Scrubs are managed by 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 take steps to regularise this arrangement so there is transparency for the Trust as to total income and expenditure associated with the Trust land.

4.10. Linford Christie Stadium and Sports Pitches Income and Expenditure

- 4.11. 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)

- 4.12. The income in fees and charges comes from the hire of the sports pitches and use of the athletics track and field.
- 4.13. 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.

- 4.14. 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.
- 4.15. 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.
- 4.16. 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.
- 4.17. 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.
- 4.18. 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.
- 4.19. 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.

4.20. WSCT Financial Position

- 4.21. 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

- 4.22. 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.
- 4.23. 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.
- 4.24. In addition, there was a windfall back payment from UKPN for lease charges of £100,000.
- 4.25. 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
- 4.26. 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)

- 4.27. As the table shows, the original budget was for a loss, 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.
- 4.28. 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.
- 4.29. 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
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5. Summary of the Financial Position and Reasons for Exploring Options

- 5.1. 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.
- 5.2. 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.
- 5.3. 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.
- 5.4. 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.
- 5.5. The Council is committed to finding ways for the Trust to achieve a sustainable financial position.
- 5.6. 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.
- 5.7. 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.

- 5.8. 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.

6. Proposals and Options for the Stadium Site

- 6.1. The Council presented a report to the WSCTC in July 2017 outlining the above information and recommending that options be explored for the site.
- 6.2. 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
- 6.3. 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.

6.4. Options

- 6.5. The Committee agreed 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
 - Option 4 – Redevelop the site - Football Club Led
- 6.6. 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.
- 6.7. It was acknowledged that options 3 and 4 would potentially require other uses in order to make any proposals financially viable.

6.8. Stage 1 Options Appraisal

- 6.9. 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.
- 6.10. 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.
- 6.11. The options assumed that improvements are made to the sports pitches on the Scrubs along with the Stadium site.
- 6.12. At this stage, the options appraisal has not focused on who would be responsible for funding and developing the works for options 3 and 4, and so these two options are combined.
- 6.13. 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.

6.14. Option 1 – Do Nothing

- 6.15. Doing nothing is a revenue losing option, with no realistic prospect of enhancing revenue generation for the facilities on site.
- 6.16. 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.
- 6.17. Doing nothing either continues the status quo of poor quality facilities, or results in the Stadium closing and the Trust experiencing financial difficulties.

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

- 6.19. 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

- 6.20. 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.
- 6.21. 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.
- 6.22. 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.
- 6.23. A summary of a consolidated cost and income is shown below, 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.

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

- 6.24. 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.

- 6.25. 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
Resurface Athletics Track	500,000
New Grass football pitch	250,000
Car Park upgrade	250,000
Access improvements	500,000
Total	7,000,000

- 6.26. There are funding opportunities 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

- 6.27. 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.

- 6.28. This option would therefore require ongoing subsidy from the Council.

- 6.29. As a variant within this option, the Trust and the Council could consider partnership arrangements with the private sector – however, as even with Council funding and low cost of capital this option does not produce a surplus, it is highly unlikely the private sector would be willing to risk the capital investment.

Option 3 and 4 – Redevelopment of the Site – Council or Football Club Led

6.30. A high-level masterplan options appraisal has identified that it is physically and practically possible 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.

6.31. 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.

6.32. 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.

6.33. 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.

6.34. Option 3 Detailed Study

6.35. 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.

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

6.37. 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

6.38. 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 options
- d) Stakeholder workshops
- e) Market testing

6.39. 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.

6.40. 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.

6.41. 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 35,000 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

6.42. 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.

6.43. 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.

6.44. 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.

6.45. The different community and operator demands have been tested and there are four primary design options which could be included within a public consultation, which are summarised in the section below and paragraph 5.52.

6.46. Options for Delivering and Funding the Options

6.47. 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

6.48. Options Tested in Financial Model

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

- 1) Tested by cost consultants
- 2) Reviewed by facilities management operators to give an indication of costs
- 3) Uses revenue estimates from market information
- 4) Tested against potential capital funding models identified above

6.50. The model has tested the following scenarios

- 1) 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)
- 2) The optimum scheme with 42,000 seats and a traditional roof and pitch arrangement
- 3) As B but with a smaller venue of 35,000 seats
- 4) No entertainment venues and only a traditional stadium of up to 35,000 seats funded by the occupier

6.51. 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.

- 6.52. 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.
- 6.53. 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

7. Consultation

- 7.1. This report recommends that the Trust completes a joint public consultation with the Council over a 12-week period on the options available for Linford Christie Stadium.
- 7.2. The results of this consultation will be considered by the Council as part of the decision-making process on the future of Linford Christie.
- 7.3. The Trust will also consider the results of the consultation and the Trust Manager will provide a report for the Trust.
- 7.4. The consultation is not a statutory consultation, but it is good practice for the Council to consult the public when it is considering making a decision. The Charities Commission also expects charities to consult.
- 7.5. The Council's Cabinet will receive a report in February proposing that a joint consultation be carried out on the options available for the site.

- 7.6. The options are set out below.
- 7.7. The consultation period is proposed to last for 8 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
- 7.8. 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 invited to present alternative proposals.
- 7.9. The consultation will take place via the Council's online portal and will be promoted through the usual channels, and the Council will also send letters to residents in the local area of the Stadium and Wormwood Scrubs.
- 7.10. 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, and on the Council's side to Cabinet (and Full Council where appropriate) for it to consider.
- 7.11. 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, and planning policy advice. These services will be procured under the Council's Contract Standing Orders.
- 7.12. When the Council has completed its business case process and has a preferred option to recommend to the Trust, the Trust will need independent advice in order to consider these recommendations. This is set out below in the Legal implications section.
- 7.13. The Council is also likely to require further professional advice and so may need to procure advisors for the completion of a business case.

8. Equality Implications

- 8.1. 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.

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

9. Legal Implications

9.1. Consultation requirements

9.2. Governance and Decision Making

- 9.3. **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.

9.4. Future Consents

- 9.5. 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'.

9.6. Governance and Decision-Making Process of the Trust

- 9.7. Any decision on the future of the Stadium site will require robust decision-making procedures to avoid the creation of conflicts of interest – created by the role of the Council as Trustee.
- 9.8. Therefore, for any future decision-making process about the stadium site after the consultation the Council as Trustee will need to:
- a) Ensure that when making any decision on the matter the WSCTC has available to it for consideration a full report from an independent surveyor who will consider if the Charity is receiving fair value.
 - b) (Alongside any planning consultation) conduct a full public consultation, the results of which will be carefully considered by the WSCTC.
 - c) Ensure that individuals within the Council's executive are allocated so that the same individual does not advise both the WSCTC and the Council in its own capacity, and ensure the members of the executive acting for the WSCTC

- 1) Prepare a report for the WSCTC providing any further relevant details not covered in the surveyor's report above; and
 - 2) Provide the members of the WSCTC with a briefing note as trustees along with copies of the Charity Commission's guidance, 'Conflicts of interest: a guide for charity trustees (CC29)', 'Local authorities as charity trustees', 'It's your decision: charity trustees and decision making (CC27)' and 'Sales leases transfers or mortgages: what trustees need to know about disposing of charity land (CC28);
 - d) Require the WSCTC when it makes any decision to proceed with any option, apply to the Commission for an order authorising this. The WSCTC will need to prepare a detailed statement of reasons, which will set out why, having considered the reports and evidence detailed above it considers that it is in the best interests of the Charity to proceed with any option, in particular if that means it is transferring ownership of land.
- 9.9. The Trust may need to complete further, sperate consultations as part of the decision-making process.

Comments Provided by Gowling WLG (UK) LLP, 28 September 2018
RVB1/SRP1/2658104 to the Council.

10. Financial Implications

Financial context

- 10.1. 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.
- 10.2. 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.
- 10.3. 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.
- 10.4. 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

- 10.5. The Council will cover the costs of the consultation exercise, and any legal and professional advice needed at this stage, which will be included within the Cabinet report in February

Future costs

- 10.6. 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.
- 10.7. Implications completed by Emily Hill, Assistant Director, Corporate Finance, 020 8753 3145.

11. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

Appendix 2 – Exempt Information