

Report Title: **Report of the Director of Property & Regeneration, Alexandra Park and Palace**

Report of: Kerri Farnsworth, Director of Property & Regeneration, Alexandra Park and Palace  
(presented by Duncan Wilson, Chief Executive)

## 1. Purpose

1.1 To update the Board on matters relating to the regeneration of Alexandra Palace & Park; the fabric conservation of the Palace; the Facilities Management of the Palace; and the management of the Park.

## 2. Recommendations

2.1 That the Board:-

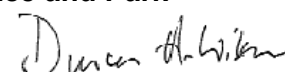
2.2 Notes the updates on regeneration of Alexandra Palace, including HLF project and commercial development opportunities, plus the forward work programme for 2014.

2.3 notes progress on fabric maintenance, facilities management service provision and commercial leases/licences

2.4 agrees a variation to the existing Grounds Maintenance Contract held with John O'Connor to allow for the maintenance of beds in the Palm Court at a monthly cost of £625 + VAT; and authorises Officers to finalise discussions with the Contractor, and LB Haringey's Assistant Director of Corporate Governance to seal the finalised contract variation

2.5 notes the progress on the Campsbourne Play Centre and authorises Officers to enter lease negotiations with the sitting tenant

Report Authorised by: **Duncan Wilson, Chief Executive Alexandra Palace and Park**



3. Contact Officer: Duncan Wilson, Chief Executive Alexandra Palace and Park

## 4. Executive Summary

4.1 Updates within the regeneration and property programme include

- HLF 'Restoring the People's Palace' project progress
- Facilities Management
- Fabric Conservation
- Commercial Development; and
- key milestones within the forward programme for 2014
- Park Dog Control Orders
- Park Grounds Maintenance Contract; and
- planning applications affecting the Palace and/or Park.

<b>5. Reasons for any change in policy or for new policy development (if applicable)</b>
5.1 N/A
<b>6. Local Government (Access to Information) Act 1985</b>
6.1 N/A

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## 7. Regeneration Programme

### HLF professional team procurement

7.1 The Activity Planning element of the HLF project has now been procured, with award-winning specialists Tricolor appointed to work alongside Barker Langham.

7.2 The procurement of the final major specialist team member on Collections Management is underway and should be concluded by the end of May.

### HLF Project Progress

7.3 The design team are now fully-engaged in developing concept designs for the HLF project. Presentations on both the design and interpretation were made at the Regeneration Strategy Group workshop and at the SAC-CC in April, and have been warmly welcomed to date. Members of the design team were also present at the Theatre awareness-raising event in April to talk through their work with guests, with feedback being again very positive.

7.4 A number of surveys and investigative works have been procured, completed and/or are underway. These surveys and investigations have been designed to fill gaps in existing available data and knowledge, and will provide a sound benchmark for the design development and associated cost testing over the next few months.

7.5 The team's Stage 1 work took slightly longer than anticipated, largely due to the recognition of the need for more detailed and specific investigations to test assumptions, plus the need to ensure that the project's ambitious scope and aspirations are achievable within the available budget.

7.6 In order to achieve the current cost budget there have had to be in-depth testing of the scope of the project and design, as well as a considerable amount of 'value engineering' ie. testing of design options against a set of cost/benefit parameters, including conservation considerations, community benefit, commercial impact and aesthetics. Key stakeholders such as English Heritage and LB Haringey Conservation have been actively engaged throughout this process to establish their support for the evolving scheme scope and design concepts.

7.7 We will seek additional external funding (eg grants and charitable donations) for the elements of the scope which are desirable but at present not achievable within current budgets. The approach will vary from element to element but could include a combination of developing business cases for elements of commercial investment (eg in catering facilities); applications to other funding bodies or to trusts & foundations for enhanced interpretation and learning provision; and opportunities for bespoke areas of targeted and appropriate sponsorship.

The key areas this will be sought for are:-

- interpretation, to increase the available budget and therefore potential scale, content and impact of the BBC wing visitor attraction and to extend interpretation of the Theatre

- theatre technical fit-out, to increase the specification for element (such as AV, lighting and staging) from current baseline to a higher level
- food & beverage offer, to increase from the current 'pop-up' café provision to a bistro/full service-style level

The team have also agreed with the Trust a number of other areas of potential value engineering to be addressed during the next stage of concept design development (RIBA Stage 2), along with targets for actual cost savings. This includes structures and building services; specification/performance of finishes; and scope of items such as South Colonnade opening up and fenestration.

7.8 As a result of the extended Stage 1 workstage, the overall programme of the HLF project has shifted slightly. The design and consultation phases will now be completed slightly later than last reported, but as a result of testing the construction programme within the industry, the duration of the onsite construction phase has reduced. The overall effect is that the completion date for the entire project is now slightly earlier than previously reported (autumn 2017, as compared to spring 2018). The table below sets out the current milestones within the project programme:-

up to July 2014	development and testing of design, incl formal HLF Stage C Gateway Review
May-Sept 2014	consultation and preparation of Activity Plan
July/Aug/Sept 2014	stakeholder consultation on design
late-Sept 2014	statutory public consultation (req'd for planning application)
by Nov 2014	completion of RIBA Stage D design; formal Board sign-off; submission of Planning/LB/CA applications
Dec 2014	submission of Stage 2 HLF funding request
March 2015	Planning/LB/CA decision
March/April 2015	HLF Stage 2 funding decision (NB. planning/LB/CA consent req'd before HLF decision can be made)
spring 2015	technical design & tender package production (part 1) contractor OJEU procurement part 1 (pre-qualification)
spring – autumn 2015	technical design & tender package production (part 2) final contractor OJEU procurement & appointment
winter 2015	construction commences onsite
autumn 2017	construction complete

### HLF reporting

7.9 The third regular progress report was submitted to HLF in March. A second formal review was due to take place in April but was cancelled at short notice due to the HLF appointed Project Monitor being ill. The earliest date this could be rescheduled to was mid-June.

7.10 A formal HLF Stage 2 Gateway Review will take place in mid-July.

## Commercial Development

- 7.11 The Trust's appointed specialist commercial real estate legal advisors, Pinsent Masons, outlined the envisaged approach to the formal procurement of a developer-partner at both the SAC-CC and the Regeneration Strategy Workshop in April 2014. It was explained that the term 'developer-partner' could encompass a single organisation or - more likely - a consortium arrangement between a number of different organisations, and that the relationship the appointed entity would have with the Trust was likely to be in the form of an 'operating agreement'. The core concept was the hotel development opportunity. In principle overall support was given to this approach.

The Trust will now work with Pinsents to begin drafting the key qualitative parameters for the required OJEU procurement process, which will be in 2 stages – firstly pre-qualification process in order to produce a shortlist of the tenderers adjudged to be of the best quality/experience; and then a formal Invitation to Tender (ITT) for the shortlisted tenderers. The entire process is likely to at least 6 months, but could take as long as 12-18 months, depending upon the number of applicants, the complexity of the submissions and the duration of the competitive dialogue phase with those shortlisted following PQQ submission.

The intention is to put a draft of the key selection criteria to the next meeting of the SAC-CC provisionally schedule for 8 July, and then for approval to the next Trust Board provisionally scheduled for 22 July.

## Commercial Leases/Licences

- 7.12 The Trust has concluded a new licence with a major mobile telecommunications network provider in relation to services provided by them at the Palace to enhance the signal for their users over the local area. This was a lengthy and complex process due to the extensive statutory rights telecommunications providers have. However the licence was concluded to the benefit of the Trust's interests, including a considerable uplift in rental income (against UK trends on telecoms/landlords).
- 7.13 Specialist advisors are currently being procured for other Palace landlord telecoms-related interests, with a view to enactment of provisions and/or renegotiation which should lead to an increase in Trust income.
- 7.14 A review of all Park leases has also now been concluded, with a number of rent reviews either already enacted or subject to valuations. As yet these have not led to any significant increase in rental income for the Trust.

## **8. Fabric Conservation**

### Surveyor to the Fabric

- 8.1 The Surveyor to the Fabric, Purcell, has now completed the 10-yr Fabric Maintenance Plan (FMP). The final document is very comprehensive (over 100 pages long), and includes a full Condition Survey & drawings, prioritisation and work package schedules and outline costings for each item within each work package.
- 8.2 The total cost estimate for the 10 year lifespan of this FMP is £45m plus professional fees & prelims (approx. 20%). It should be noted that the HLF project at the east end of the Palace will address approx. a third of the capital cost of this recommended investment. The Trust is currently investigating options for delivering

the remaining investment, as it is significantly above its current budgetary provision (current capital budget = £0.5m per annum). This will include developing commercial business cases for the investment against borrowing (prudential and/or commercial) and exploring opportunities for attracting external grant funding.

- 8.3 A number of small works packages on the 'priority 1' schedule have already been completed eg. Transmitter Hall renovation. Others underway onsite or being prepared for procurement include urgent repairs to roofs/glazing/high-level areas and various building services (eg. boilers, lifts, fire detection/alarm system, etc) and conservation/structural works eg. North Wall and Theatre stagehouse.
- 8.4 The Trust is also reviewing other priority works packages within the FMP to be taken forward during 2014/15 financial year within the limited capital budget

#### The Beach

- 8.5 The Beach area resurfacing by the Bar & Kitchen has now been completed, and has already been positively received. APTL staffs are currently in the process of selecting a designer for a flexible 'pop-up' layout for the Beach incorporating additional food & beverage facilities and temporary landscaping via mobile planters, etc. This will enable us to make best use of the area over the summer.

### **9. Facilities Management and Security**

#### Third-party provision of Facilities Management and Security Services

- 9.1 The initial three year term of the Trust's facilities management and security services contract at the Palace, currently provided by Bilfinger/Europa Services, expires in October 2014. We are proposing to renew this contract for a further year as is allowed for within the terms of the contact originally agreed, and thereafter take the FM element in house to allow us to exercise more direct control over the specialist subcontractors. Ensuring a smooth handover is a critical factor and we are discussing how to do this with Europa. The intention would be to re-procure security services from October 2015 as a stand-alone contract. Trustees are invited to note this approach.

### **10. Park Update**

#### Dog Control Orders update

- 10.1 A dialogue has recommenced with the Council on Dog Control Orders. It would be possible to amend the borough's Dog Control Orders to reflect the specific recommendations made for Alexandra Park; however, the Council would only be willing to make these amendments if there was a form of enforcement in place.
- 10.2 The Council's Enforcement Officers do not currently have capacity to work at Alexandra Park except if the Trust is willing to fund overtime working for specific cases. As an alternative, The Trust is currently investigating whether the security staff working for the Palace's contractor can become *Authorised Persons* so they can administer Fixed Penalty Notices in the same way as a council Enforcement Officer can.
- 10.3 In addition, the Council have now supplied the designs for their standard dog control signage, which means that new signs can be produced to promote the existing DCOs within the Park.

### Planning Applications

- 10.4 *The Garden Centre:* The planning application by Capital Gardens Limited was granted permission on 17 April 2014. There were no onerous conditions. Details will be reported to a future meeting once the operator has confirmed the proposed project timeline.
- 10.5 *345 Pre-School:* The application for change of use and alterations to the garden discussed at previous meetings has been submitted and the decision is currently pending. If granted the details will be concluded by Officers and final permission will be in writing.
- 10.6 *Campsbourne Section 106 Park Improvements:* Consent has been granted for the S106-funded Park Improvement Project. The current planned onsite start date is now mid-July 2014.
- 10.7 *Little Dinosaurs:* The application for changes to the garden and alteration to one section of the external wall will be determined at a Development Committee meeting on 16 June 2014. If granted then landlord's consent will need to be confirmed for one element, the new climbing frame location.

### Campsbourne Play Centre

- 10.8 The Council has agreed to fund dilapidations up to the value of £75,000. The Trust is currently preparing tender specifications in order to procure contractors for required the work packages. It is expected that the work will take place over the summer period.
- 10.9 The Trust is still awaiting formal confirmation in writing from the Council of the agreed funding arrangement, but once that is received lease discussions will commence with the sitting tenant (Dinosaurs Playcentre). Drawing up a new lease is expected to cost in the region of £5,000 + VAT and disbursements.
- 10.10A final recommendation on the detailed lease terms will be made to the APPCT Board for Section 36 approval.

### Variation of Grounds Maintenance Contract

- 10.11 It was decided in late 2012 that the poor condition of the bedded trees and plants in the Palm Court had to be rectified immediately. A single tender action was therefore authorised by the Chief Executive for John O'Connor's indoor plant specialist sub-contractor to intervene to restore the health of the plants and soil, and to recommend a new management regime. The health of the trees and the quality of the planting has improved markedly since that time.
- 10.12 Continuing this management arrangement for the medium-term is the most likely way of maintaining the current good condition of the plants and soil. It is therefore recommended that this arrangement should now be formalised by way of a variation into the existing contract with John O'Connor. The monthly cost of £625 + VAT per month has been benchmarked and represents good value-for-money.
- 10.13 John O'Connor's contract expires in 2 years' time, at which point the Palm Court service would be incorporated into the full new specification when the contract is re-tendered.

## **11. Forward Programme for Regeneration & Property for 2014**

11.1 A summary of the forward key delivery items and milestones for 2014 for the Regeneration and Property programme is as follows:-

### **Apr-June 2014**

- progress HLF design
- prepare & begin HLF stakeholder consultation (activity plan and design)
- prepare for HLF statutory public consultation (design)
- formal HLF review
- detailed design & procurement of priority Fabric Maintenance Plan works packages
- progress delivery of 2014/15 APPCT capital budget & work programme

### **July-Sept 2014 2014**

- consult SAC-CC and Trust Board on commercial market testing parameters and HLF project design development
- continue HLF Activity Plan stakeholder consultation
- deliver stakeholder and HLF statutory public consultation
- complete RIBA Stage D design and submit for Planning, Conservation Area & Listed Building consents
- formal HLF review
- progress delivery of 2014/15 APPCT capital budget & work programme

### **Oct-Dec 2014**

- commence formal market testing (Stage 1 PQQ) of commercial development opportunity
- submit HLF Round 2 application. and respond to any clarifications requests
- prepare for HLF contractor OJEU procurement
- formal HLF review
- progress delivery of 2014/15 APPCT capital budget & work programme

## **12. Legal Implications**

12.1 The Council's Assistant Director of Corporate Governance has been consulted in the preparation of this report and has no comments.

## **13. Financial Implications**

13.1 The intention to bring facilities maintenance services back in-house will require additional investment in ongoing staff costs and one-off procurement-related costs, but over the longer-term the savings in costs of onsite service provision are likely to more than offset this investment.

13.2 The appointment of specialist telecoms landlord & tenant advisors will incur modest additional costs but the uplift in income generated through increased rental income is likely to more than offset these costs.

13.3 The process to enable security officers to become Authorised Persons for the purposes of enforcing Dog Control Orders could incur legal fees and training costs; and an application for new or amended Dog Control Orders for Alexandra Palace and Park will incur legal fees.

13.4 A new lease for the Campsbourne Play Centre will incur legal fees and valuers' fees as set out in the report. These will be funded from the existing Trust budget, but will result in a new income stream for the Trust which is likely to be sufficient to offset these costs within the first 2 years.

13.5 The Council's Chief Financial Officer notes the financial implications set out in paragraphs 11.1 – 11.4 above and whilst there are some one-off and limited on-going costs associated with the proposed changes to leases and contracts, these

should in the short- to medium-term deliver both increased income and better service quality.

13.6 The Chief Financial Officer further notes the estimated level of capital investment required following the completion of the fabric maintenance report (para 7.2). Even allowing for the areas expected to be addressed through the HLF bid, circa £30m is still forecast to be required. It is noted that the Trust aims to use the report to help shape the prioritisation of projects within the existing capital envelope and will be preparing a more detailed report as part of the proposed 10 year business plan which will be presented to the Board in July.

#### **14. Use of Appendices**

14.1 There are none.