



Kent County Council

Report

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To: Cabinet Member for Regeneration and Economic Development and Cabinet Member for Environment Highways and Waste

Date: November 2010

Subject: **A2 Cyclopark Project**

Classification: Unrestricted

1. Summary

(i) The Cyclopark project has developed from the opportunity presented by redundant land that is available to Kent County Council from the Highways Agency under an existing agreement on the site of the former A2 trunk road in Gravesham. This project is led by KCC, and supported by a partnership that includes Gravesham Borough, British Cycling, Sport England and local representation.

(ii) The report outlines the progress made in developing the Cyclopark project, and requests formal decisions in order that legal agreements may be made for the transfer of land and construction and maintenance of Cyclopark.

(iii) The report also requests confirmation of KCC Revenue funding.

2. Introduction

(i) Cyclopark will be a unique multi-sports park to the south of Gravesend, offering the most comprehensive range of cycle sports disciplines and related sports in the country, and attracting up to 100,000 visitors per year.

(ii) The park will offer 3.6km of cycle tracks in over 40 hectares of parkland; together with world class BMX circuits, 8km of mountain biking, a skate bowl, excellent games and play spaces, and the Cyclopark Pavilion.

(iii) The site will provide dedicated facilities for local, national and international running, cycling and duathlon events, and would be the only facility of its type in the UK; putting Kent 'on the map' for cycling provision.

(iv) The site is close to two of the most deprived wards in the county, and will provide positive activities for young people, providing a 21st century greenspace within the Kent Thameside Regeneration area.

3. Relevant priority outcomes

The Cyclopark project will address a number of strategic priorities and objectives within the regeneration of north Kent and as such impacts on a number of national performance indicators and contributes to a number of targets within the County Council's Regeneration Framework and Bold Steps for Kent.

4. Financial Implications

4.1 Capital

(i) KCC has already identified through its budget process capital funds of £2.3 million from prudential borrowing as match funding towards funds already secured from the Homes and Communities Agency (£1.764 million). Additional external capital funds have been secured, subject to legal contract. These comprise:-

(ii) Sport England (£1 million)

Agreement has been reached for this funding. The Grant Agreement has been drafted and a recent letter confirms that this offer of funds is secure and has not been affected by the recent Comprehensive Spending Review

(iii) Colyer Fergusson Trust (£1.5 million)

Funding of £1.5 million has been offered and terms have been agreed subject to contract.

(iv) British Cycling – (£600,000)

Funds have been offered and will be paid subject to contract.

(v) Further funds

The target for capital funding has now been reached, enabling the Cyclopark project as described to proceed. However, in order to enhance the park, improve the range of facilities and secure higher levels of income, officers are continuing to bid to external providers for further funds. These enhancements will only take place once sufficient funding has been secured and KCC will not be able to provide any additional match funding over and above the £2.3m already identified in the capital programme.

4.2 Revenue

Up to £125,000 per annum has been identified from the EH&W budget in the Council's approved Medium Term finance proposals towards revenue costs. This funding has been calculated from the Cyclopark Business Plan prepared by our consultants, which sets out the business case, cash flow forecast and operational rationale for the project (available as a supporting document). The £125,000 represents the estimated funding gap in operating the facility after all other running costs and income have been included. No other funding should be required from the

County Council in operating the facility. The £125k per annum will be required in the longer term for a period of at least 25 years, and is part of the financial viability forecasting for the project. This financial viability is necessary not only to the future success of the park but is also required by some funding partners as a condition of their capital funding towards the project. It must be stressed that the financial performance of Cyclopark can only be based on a forecast at this stage, but one that is conservative and errs on the side of caution. Gravesham Borough Council has indicated that it may offer additional revenue funds of £20,000 per annum for the first three years of operation which will assist in supporting any short term revenue shortfall and the Highways Agency has offered £500,000 as a commuted sum which will be drawn down to support the management and maintenance of the land to be transferred. An external operator will be appointed to run the facility, to whom the responsibility for operation and maintenance of Cyclopark will be delegated.

5. Legal Implications

(i) The Cyclopark project is dependent upon the transfer of land to the County Council from the Highways Agency (HA), and the lease of land from the Colyer Fergusson Trust. The details of the lease and transfer will be subject to the approval of Legal Services to ensure that any obligations are achievable within the scheme and acceptable to KCC. In negotiating the agreements officers will endeavour to ensure that all future costs to KCC are minimised.

(ii) By entering into a land lease with Colyer Fergusson, and accepting the transfer of land from the Department for Transport, the County Council will be accepting legal obligations as owner of the detrunked carriageway and tenant of the land. Both of these land acquisitions have been subject to intensive negotiations, and have now reached their conclusion as follows:-

a) The Department for Transport land is due to be transferred to KCC with an agreed commuted sum of £500,000 payable to KCC to cover future maintenance responsibilities. This transfer is to take place at the same time as other agreements relating to Cyclopark. The DfT has now resolved outstanding matters relating to registration of title and is able to transfer the land to the County Council.

b) The Colyer Fergusson Trust has agreed to lease land to the County Council for 50 years for an annual rental value of £29,750 (included in the Cost Plan) which will be subject to review once a charitable operator has been appointed to run the facility and in which case the Trust has indicated a much lower rental value may be considered (this is in compliance with the Charities Act)

6. Consultation and Communication

The Cyclopark project has undertaken an extensive consultation process that secured support from more than 80% of local residents. Three national governing bodies for sport have also confirmed their support as have over thirty Kent based sports clubs. Gravesham Borough Council has been involved at both officer and councillor level providing both guidance and political endorsement. Local Members have attended consultation events and briefings, and supported the project through planning application process. The local Member of Parliament Adam Holloway has also campaigned for the project and the Minister for Sports and the Olympics Hugh Robertson also gave his backing and support to the proposal at a recent (unofficial) visit. Members of the public are kept informed of the project via press coverage, an

online newsletter, bi-monthly local forums, presentations to local community groups and publications distributed in the locality

7. Risk and Business Continuity Management

(i) The County Council has led on the development stage of Cyclopark for the past two years and has secured financial, political and community support. The project is now at a critical stage and formal decisions are required to ensure the project keeps to programme, committing funds already secured and funds offered.

(ii) In proceeding with the project the County Council will be committing to accepting the capital funds offered from external partners, and to continued revenue support towards the operation of the facility. We are already required to complete the HCA funded element of the project which requires our own match funds of £2.3million. Failure to carry out the agreed works could result in repayments to the HCA.

(iii) In addition, should the project not proceed, the following direct costs would be payable by the County Council:

- a) £100,000 to restore land;
- b) £35,000 compensation agreed for farmer;
- c) £18,000 legal costs incurred between KCC and CF;

(iv) Under the terms of the funding contract KCC may also be liable to repay some or all of the HCA funding as follows:

- a) £1,300,000 repayments to HCA (funds already spent to date)

(v) Lost opportunities

- a) £3,100,000 Loss of external funds offered;
- b) £500,000 commuted sum retained by HA;

(vi) Other wider implications to not proceeding with the project include the loss of an important sports and recreation facility that would bring regeneration benefits to north Kent. There would also be the need to find an acceptable alternative solution to managing the former highways land, as well as the loss of significant external funds offered and inevitably some reputational damage to the County Council.

8. Sustainability Implications.

The Cyclopark project will address the following sustainability objectives;

Objective 1 - environmental enhancement: through the creation of new habitats and an enhanced environment.

Objective 2 - social justice ; through providing an inclusive facility that is designed to be DDA compliant, meets the needs of the local community in providing high quality and affordable facilities

Objective 3 – sustainable economy; through providing the community with local facilities to improve their quality of life and making effective use of redundant land

Objective 4: - the causes of climate change; through encouraging the community to undertake a more healthy and active lifestyle by participating in sports, leisure and exercise.

Conclusion

9. This will be an important facility with the potential to bring economic and social regeneration benefits to north Kent, and offering a broad range of sports and leisure opportunities. The project benefits from a strong partnership, and has attracted substantial funding from external partners.

Cyclopark has now reached the point where further progress requires the County Council to enter into legal agreements. In order to minimise the risks to the County Council and proceed to programme, all agreements relating to funding and land assembly need to be concluded at the same time, followed by the award of contracts to allow construction works to commence.

10. Recommendations

The Cabinet Member for Environment Highways and Waste, and the Cabinet Member for Regeneration and Economic Development are recommended as follows:-

(i) that subject to them being satisfied as to the detailed terms and conditions, and following any necessary consultations with the Cabinet Member for Environment Highways and Waste, the Cabinet Member for Regeneration and Economic Development and the Director of Law and Governance, the Director of Environment Highways and Waste be authorised on behalf of the County Council to enter into such contracts and agreements as may be necessary and required in order to develop, construct and maintain the Cyclopark facility at Gravesend.

(ii) to confirm a revenue contribution from the Environment, Highways and Waste portfolio budget of up to £125k per annum towards operational costs to support the running of the Cyclopark facility from 2011/2012 subject to normal County Council MTFP processes

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Background Documents available on request:

- a) Business Plan and Cost Plan;
- b) Marketing Plan;
- c) Overall design masterplan;
- d) Pavilion design;
- e) Cyclopark marketing prospectus;

- f) Construction programme 2010-2012;
- g) Integrated whole sports plan and associated targets /objectives (key funding requirement);
- h) Green Travel Plan;
- i) Planning Permission approval letter and conditions; and