

12 February 2009

Dear Save Our Riverside Group,

Thank-you for your further comments (submitted to the SOR web-site on 18th December 2008) on both the Environment Trust's Business Plan for the Twickenham River Centre (of October 2008) and my responses to your original comments (submitted to the SOR web-site on 17th November 2008). I am responding in the capacity of building manager for the River Centre and the main author of the Business Plan. I have attempted to provide answers to each of your questions below. Each question is provided in italics with my numbered response to it.

Q1. Why has the whole plan not been put into the public domain?

A1 The Trust has been undertaking business planning for the River Centre for the last two years and these plans continue to evolve as the project develops. The Trust produces a detailed Business Plan at regular intervals and this is provided to the Council (as well as the Trust's advisors) for discussion and development. The latest detailed plan for the Council was produced in September 2008 and runs to some 62 pages. In October 2008 the Trust produced a summary version of this Business Plan for the public, running to some 32 pages and covering every part of the detailed plan. This plan is available for anyone to see at www.rivercentre.org.uk and the Trust welcomes comments on this plan.

The detailed plan is a working document subject to constant update as the project evolves. It is essential that any organisation developing a project is provided with some space in which to develop its ideas and proposals before these are subject to public scrutiny. This is normal practice with any project development. The Trust will continue to provide the public with information about the project through the River Centre web-site. The Business Plan will be updated for the public at regular intervals as the project develops.

Q2 Should the plan include: Mission Statement; Operational Statement; Cash Flow; Operating Budget?

A2 Thank you for these suggestions. We shall consider including each of these components within the next version of the plan.

Q3 There is no mention of VAT in Table 2 (a breakdown would have been informative).

The question of VAT was raised at the Overview and Scrutiny Committee in April 2008. It seems very strange that advice on this matter still has not taken. The fit out costs appear to depend on the restaurant being able to maintain a rental of £35,000 for 10 years. What is the fall back plan in the event there is a shortfall?

A3 The funding of the fit out is due to start in 2010 and clearly the issue of VAT needs to be resolved in advance of this. The specification for the fit out has been developed by the Trust sufficiently to provide the first order costings provided in the summary business plan. This specification can only be finalised when a developer is selected and the design for the River Centre is fixed. This process will be completed in the second half of this

year. At this time, and as part of the specification works, we shall seek definitive advice on the requirements for VAT payment on each component of the fit out.

The restaurant will be responsible for funding its own fit out up front. The £35000 is an annual rent allowance to the restaurant in recognition of this. The issue of a shortfall does not arise.

Q4 Is it not rather a dangerous assumption that “costs are as likely to reduce as increase”? Teddington School might be an object lesson here.

A4 I agree that this would be a dangerous assumption and it has not been used in the plan. I believe that your question follows on from a comment in my previous response (A2 17.11.2008) that; *“in the present climate, costs are as likely to reduce as increase in the short to medium term”*. This was an observation rather than an assumption. The assumption used in the report is that inflation (or deflation) will act equally on both costs and revenues over the ten year operational period of the project. This is a simplifying assumption that helps in the direct comparison across the operating period.

It has been suggested to the team, during an external review of the Business Plan, that this assumption should be reviewed as part of the next version of the plan, considering the possible relations between cost inflation, revenue charges and productivity changes across the various revenue streams over the ten year modelled period of operation. The intention would be to consider the sensitivity of the business case to this assumption, potentially by means of a risk scenario using the operational model.

Q5 The Environment Trust hopes to raise £31.5K by “fund raising events”; this contrasts with £12K and £10K raised in 2007 and 2006, respectively (Annual Accounts). Can they really raise their game to that extent, given the adverse financial climate at present? We have no doubt that “funding bids will be welcomed”; it is the raison d'etre of funding bodies to “welcome” bids. However, there is no indication that such bids will be successful. This is purely a “wish”. Again, what is the fall back plan if not enough money is forthcoming to fund the development phase? Will the Council come to the rescue?

A5 The Trust raises funds in response to the needs of its projects and operations. As a result of the River Centre project, the funding needs for 2009 may be greater than in the previous two years, and in consequence the number and scope of the events held to raise funds would be larger than in previous years. A team has been put together to organise these events. The economic climate is clearly a factor, everyone is more aware of how they spend their money and the team will respect this context when designing these events.

The Trust has held meetings and discussions with a number of funders in recent months. These funders are being kept up to date with progress on the project and continue to express an active interest in funding the project. In the last month The Trust has been awarded two important grants from funders to undertake a major two year project on the working heritage of the River Thames, alongside local schools and many local and national groups. The award of these grants indicates the continued willingness of funders to support the Trust in its river related projects. The successful delivery of this and other projects is of great benefit in developing good relationships with important

potential funders for the River Centre. Major bids for the fit out costs are scheduled for submission to the key funders in around 12 months time.

The Trust continues to receive considerable pro bono support for the development phase of the River Centre project and new offers of support have been received on a weekly basis over the last couple of months, largely from local professionals. The Trust is very grateful for this support and appreciates this clear practical demonstration of interest and enthusiasm for the project. The Trust is continually reviewing the skills and capacities of these volunteers and allocating project tasks as appropriate. The Trust is thereby hopeful that many of the professional needs of the project during this next 12 months will be provided through pro bono support. This will substantially reduce the need for the additional funding discussed above.

The Council is clear that it will not be supporting our development costs for the River Centre project.

Q6. Five course packages have been identified; it would be helpful to have an estimate of the proportion of the total income stream that is expected from each. Three of the courses are due to start either in the Spring or Autumn of 2009, but none is listed on the RACC website nor in their Prospectus for 2009/10. To what extent are these courses river-orientated? How can they hope to recruit students, and thus be able to pay the River Centre, for courses that are not yet advertised? How firm is the pledge to teach 800 students per year by 2012 (p 32)?

Questions posed have not been answered: eg where is the RACC's Business Plan for these new courses? Will their contract bind them to paying 32%? Who will pick up the bill if there is a shortfall?

A6 The five educational packages under development as part of the joint programme with the RACC as follows:

- Land based and Environmental Studies Diploma for 14 to 19 year olds.
- NVQ in adult conservation volunteering
- Apprenticeship in conservation management for 16 to 25 year olds
- Adult education programme
- Programmes for students with learning difficulties and disabilities (SLDD)

The Trust is currently working closely with RACC to develop these programmes. It is too early in this process to be definitive about the proportions of the total income streams in each category but some general comments can be made as follows:

- The diploma is likely to be the largest programme and will start delivery in 2011/2012. In this first year it will represent around 35 per cent of this income stream, rising to around 50 per cent in 2012/2013

- The NVQ may well be the second largest component, providing around 25 per cent in 2011/2012. We are already working on this and plan to start delivery in September of this year
- The apprenticeship is currently envisaged at around 15 per cent in 2011/2012. We have not started work on this in earnest yet
- The adult education programme will start delivery with two programmes this summer and more to follow in the Autumn. This is anticipated to generate a further 15 per cent.
- The programme for people with learning difficulties started last year and will continue and expand this year. This may generate around 10 per cent of the total income in 2011/2012

These courses will be largely river related. The Trust and its partners will also be helping to deliver courses across the wider environmental and sustainability curriculum.

The business plan includes an estimate from the RACC (not a pledge) of 800 students per year by 2012/13, the majority of whom shall be working on the diploma programme. This curriculum will be delivered in schools and colleges, at the River Centre and partner locations, as well as outdoors in local green spaces.

The RACC are partners with the Trust in delivering the programme rather than the organisation paying for them and therefore the concerns about “who will pay for any shortfall” do not arise. Much of the funding for these programmes will come from central government sources in exchange for delivering the environmental education. The main exception is the adult courses and these will be funded by the adults attending the courses. Consequently, the scale of the partnership between the Trust and RACC may increase or reduce in response to demand and other priorities for the two organisations without major cost implications for the Trust or the College.

Q7a *We understand the restaurant has recently been downgraded from 100 to 75 seats. A search on Yell.com shows that there are 92 restaurants listing for Twickenham. Competition is extremely fierce; how confident can anyone be that this restaurant will thrive in the face of so much competition? Has the Trust considered the difficulties involved in converting a school canteen in the daytime into a smart restaurant in the evening?*

A7a The number of covers for the restaurant has not been finalised – although it is correct to say that the current working number is 75. This was reduced from a working number of 100 in response to development work considering the nature of the restaurant, the amount of space per cover and the distribution of space between front and rear of house.

There is no doubt that the restaurant sector in Twickenham is large and presumably this reflects a large demand. The River Centre restaurant will have several factors to its advantage; firstly its location in the centre of the town, next to the river and as part of a re-vitalised river front. Secondly, although the restaurant will be run on a commercial basis, the public will know that the restaurant is helping to support the River Centre – a

building providing major social and community benefits for Twickenham. Thirdly, if the River Centre's activities are as popular as we expect, then the restaurant will have a ready market for its services.

The restaurant is envisaged as operating as a smart café during the day and a good quality restaurant in the evening. It may be that the number of covers will vary between day time and evening operations. School children and students may wish to use these facilities during the day but this has never been envisaged as its primary purpose and it will not be like a school canteen. A separate satellite operation is proposed for the exhibition/foyer area, selling snacks and soft drinks for children and adults alike.

Q7b *Is it really a good idea to believe implicitly in HMG Treasury's forecasts? They did not forecast the present financial downturn.*

A7b The figures provided were not the Treasury's forecasts. They were a collation, provided in a standard Treasury format, of some 29 independent forecasts for the UK economy over the next three years. These forecasts show the country in recession in 2009, recovering in 2010 and returning to 2.4 per cent growth in 2011 and 2012. We all know the fallibility of forecasts (particularly at present) and we would not claim to believe them, implicitly or otherwise. They were quoted as a current best assessment of the possible state of the UK economy in three years time.

If the UK economy is still in recession in 2011/12 then our Business Plan will develop to take this into account. I consider that the value of the River Centre, as a resource for community self reliance and environmental education and training, would be even greater if this were still the case.

Q7c *The summary Business Plan does not show the 17 revenue streams.*

A7c The 17 revenue streams are provided in seven revenue groups within the summary business plan. The revenue stream and the groups they have been assigned to are as follows:

Group One: Centre Overall

1.1 River Centre Friends of Group membership

1.2 Fundraising events

1.3 Sponsorship

Group Two: Boat House

2.1 Rental

Group Three: Learning Spaces

3.1 School groups

- 3.2 Other education initiatives
- 3.3 Regular space hire
- 3.4 Event hire
- 3.5 Community education officer – grant funded

Group Four: Exhibition area

- 4.1 Aquarium sponsorship
- 4.2 Shop revenue
- 4.3 Exhibition space rental

Group Five: joint education programmes with RACC

Group Six: Restaurant

- 6.1 Restaurant revenue
- 6.2 Satellite revenue
- 6.3 Events revenue

Group Seven: Offices

- 7.1 Office rental
- 7.2 Project contribution

- Q8. *“The main entrance and exhibition area generates around 7% of income”. We need an estimate of the total number of visitors, and the nature of the exhibitions likely to be held. Will visitors from outside the Borough be charged more than residents?*
- A8 The River Centre will be free and open to all, whether residents or not. The revenue streams for the exhibition and entrance area are shown above and do not include entrance fees.
- Q9 *There should be a breakdown showing the legal fees. The core team has people with “considerable expertise in... legal issues...” (p 20), so why cannot they (or the Council's legal team) provide the legal work necessary?*
- A9 The team does have legal expertise and these people are providing considerable help and support to the project. At present the team has not engaged a legal practice with the authority to act formally on the Trust’s behalf on the River Centre project as this is not yet needed.

A bulk cost estimate for the legal fees to be incurred is included in the business plan. It is considered too early in the process to provide a break down of these legal fees, most of which are likely to be incurred at least 12 months hence when the main legal agreements are being drawn up. The Trust is also currently exploring opportunities for this service being provided on a pro bono basis.

Q10 *The first para of this answer is very vague, and not an answer to the question.*

I apologise for not understanding where this comment refers to. Please let me know and I will try to respond more clearly.

Q11 *We see the new playground is “likely” to be adjacent to the River Centre. This is a departure from plans shown the Development Brief, where this is definitely the case. On p 21 it is stated that the Development Brief includes an “improved” play area (we would be pleased for a reference to “improved”; p42 of DB states “replacement play area”), but no further details are given. A plan drawn to scale (unlike any plans produced so far by Environment Trust or Council) would be helpful here, to see how and where it would fit in. The lease on the present playground (expiring June 2009) could easily be extended; its destruction means there will be no playground for at least 2 years.*

A11 The proposals for the overall site produced by the three short listed developers will be going on public exhibition from 9th March and a public consultation will run until 26th March.

Q12 *On p 37 it is stated that “local opposition is more than counterbalanced by the considerable enthusiasm...” – where is the evidence for this? More than 5000 people have signed a petition to keep the present playground open, and we are sure the Green Posters have been noticed. How many signatures can the Environment Trust produce to demonstrate the “enthusiasm” quoted?*

A12 The Trust first started to develop its ideas for the River Centre around five years ago. Plans have been developing in earnest for the last two years since the project won the Twickenham Challenge competition. The interest and enthusiasm for the River Centre concept and for the projects and activities to be delivered from the building has grown considerably over this period. This is reflected in the great interest and enthusiasm shown at the week long public exhibition last February (where some 90 per cent of respondents to our questionnaire supported the River Centre) and at the summer fairs attended by the Trust last year. It is also reflected in the great practical support being given to the Trust in developing and delivering its plans over the last two years in particular. Over 100 individuals and groups are actively supporting the project with their time and energies, because they recognise the great value that can be provided to the community by the River Centre.

We are of course aware of the concerns of the Save Our Riverside group and the campaigns that have been run over many years about the riverside site. The Trust itself has campaigned about previous proposals which it considered would have been over-developments of the site. The Trust has remained consistent in wanting to see the Twickenham riverside site renovated and improved for the benefit of the local community and is on the record as saying it will not be party to any scheme that it would have opposed if it were not involved in the project. This remains the case.

Yours sincerely,

Rob Gray

Twickenham River Centre building manager