

**TWICKENHAM RIVER CENTRE
CO-ORDINATION, FINANCE AND PERFORMANCE COMMISSION
MARCH 2009
APPENDIX 1 PREPARATORY NOTES BY ETRuT ON TWICKENHAM RIVER
CENTRE**

Introduction

These notes set out the key areas of development by the Environment Trust for Richmond (“The Trust”) on the Business Plan for the Twickenham River Centre project over the last four months since the last report to CFPC on 4th November 2008.

The Council produced a report on the business plan for the meeting of 4th November, based in part on its review of the Trust’s detailed business plan for the River Centre of September 2008. The Trust released a public summary version of the Business Plan for the River Centre in October 2008 and this was also reviewed and discussed at the same CFPC meeting.

The CFPC has requested a copy of the detailed Business Plan, produced in September 2008, and this has been provided for this meeting of 10th March, with a new frontispiece which provides some context for the document. Note that this document remains confidential.

The Trust has been closely involved, alongside the Council, in the review and development of the three developers’ schemes for the overall site, and these are being exhibited in the Civic Centre from 9th to 15th March. These schemes show considerable variations in the design of the River Centre and its context which could have a significant effect upon business plan assumptions. We are also now in a public consultation period for these proposals and the Trust’s team, as members of the Evaluation Panel for the developers’ proposals, have been asked not to make comparative comments about these schemes in the public domain. These notes set out the main areas of development over the last four months and a formal Business Plan will be produced for the next CFPC review session, scheduled for October 2009.

Approach

The Council declared the River Centre as the winner of the Twickenham Challenge in October 2006 and the Business Plan started to be developed soon thereafter. This process gained considerable momentum in September 2007 with the award of a three year grant from City Bridge Trust to help fund the development process, and this remains the main source of funding for the project.

The Business Plan has developed rapidly over the last year and a half and continues to evolve as new opportunities arise and more information is provided. The detailed plan produced in September 2008 was version 3.5 of the plan. This was considered sufficiently robust for a summary version, including all of the main elements of the detailed plan, to be released to the public for information and comment and this was duly provided in October 2008.

There has been a considerable amount of feedback from the wider project team, external advisors and the Council to the detailed business plan. In addition, members of the public and various interest groups have provided feedback on the summary plan. This information has been informing the planning process and helping to develop the plan over the last few months.

The building is scheduled for completion in July 2011 and therefore the development process is around half way through. The project itself is evolving and more emphasis is now being put on

the implementation of activities that will eventually operate out of the River Centre. The idea is to ramp up these activities such that there will be a thriving operational sector in place to move into the River Centre on its completion in two years' time. This implementation work will increase the numbers of project staff and partners, enable them to establish strong working relationships both within the operational team, and with the public and potential long term funders, and iron out many practical and procedural issues in advance of opening.

At the same time the team is also working to strengthen those components of the Business Plan identified as a priority during the review process. This work, on both the planning and the implementation sides, will result in the Plan continuing to evolve and change over the next two years. The Trust considers that the main components of the plan are now largely in place, although these may change in response to events and changing priorities, and the details are bound to develop considerably. This is a natural and beneficial characteristic of a business plan at this stage in the process. As the opening date moves closer then changes to the plan can be expected to become less pronounced. Nevertheless, the Trust hopes and expects that the Centre will continue to evolve throughout its operational life, in response to changing needs and priorities.

Developments since the last Business Plan

This section identifies those areas currently under development in the business plan and where significant changes have already been made.

1. The economy

There is no doubt that general economic conditions in the country have worsened, even over the last few months, and the UK is now officially in recession. The latest summary of medium term forecasts by 29 independent economic forecasters, published by HM Treasury, shows the UK economic growth forecast to be -0.9 per cent in 2009, returning to low growth of 1.2 per cent in 2010 and close to long term average growth of 2.4 per cent in 2011 and 2.5 per cent in 2012. The current best assessment therefore is that the UK economy may have returned to a "normal" condition by the time the River Centre opens, although given the current level of uncertainty with respect to any forecast this can by no means be guaranteed and we will of course pay close attention to the issue.

Whilst there have been no significant impacts of the economy on the River Centre project to date, the types of impact that may be anticipated over the next couple of years (putting to one side any impact on the broader development) are as follows:

- An increased emphasis on education, re-training, apprenticeships and employment. This may be of particular relevance in the green economies that are expected to receive particular investment and support from government and others
- Reduced availability of grant funding. This is anticipated in the future from at least some funders, particularly as the impact of reduced investment revenues is felt.
- Reduced revenues from the restaurant
- Reduced costs for the fit out – as contractors and suppliers sharpen their prices

These and other potential impacts shall be evaluated as the project develops. Those identified above have both positive and negative potential on the business plan. There is no issue identified to date that has a fundamental impact upon the viability of the plan.

2. Governance

The previous plan identified the development of a structure for the management of the River Centre as a priority. It has also been recognised that the governance of both the Trust itself and Richmond Environment Network, a KSO body for the environment hosted by the Trust, would benefit from review and development as part of this process.

As a first step the Trust has appointed three new Trustees and a new Treasurer is to be confirmed next week, including those with expertise in finance, education and management. The Trustees are reviewing the structure and operations of the Trust in a methodical way. They are taking advice from the Charity Commission and Ethical Property Foundation among others with a view to developing the governance structure of both the Trust and REN, along with appropriate further vehicles as necessary, for the long term management of the River Centre and its operations, as well as the wider responsibilities of both parties. It is anticipated that an outline structure will be available for presentation in the next Business Plan.

3. Joint working

In July 2008 the Trust moved to new offices on Eel Pie Island. These premises are shared with two partners in the development of the River Centre, Richmond Environment Network and BTCV, as well as Arts Richmond. This shared site is providing useful hands on experience of shared office space with these partners as well as regular contact with the Eel Pie Island community who are such an important constituency as neighbours to the riverside development. Most importantly, it is also providing the opportunity for more joint project working with these partners (and including members of the island community).

The Trust is already undertaking major joint projects with REN – particularly in the delivery of the Schools Environment Forum and associated projects. Joint field activities and training are being carried out with BTCV and the intention is to develop joint educational activities with both partners. Arts Richmond already publicises the Trust activities such as the Arts Picnics and further joint activities will be planned.

The Trust has recently been awarded a major two year project to produce oral histories on the working river front, working with local schools and creating an important educational resource. This will involve joint working with many of these parties as well as a major part of the Eel Pie Island working constituency.

The intention is to develop this joint working, with these and other partners, through project work and particularly through the education programmes, over the next two years.

4. Capacity assessment for the River Centre

Initial work has been carried out to consider the number and types of activities that can be reasonably be accommodated in the River Centre during a typical week (morning, afternoon and evening) from Monday to Sunday.

This work will be developed to consider the activities during the summer and the winter, in and out of school term times. How the activities may inter-act, including potential areas of conflict, will be identified and fed into the design of the building and the specification for the fit out.

This work will be used to evaluate the overall capacity of the building for various types of activities and to consider priorities, both overall and for various times of day and week. This work is necessary to guide the overall scope for growth in the activities within the building. Associated with this assessment the Trust is also reviewing the management needs of the Centre. Consideration will also be given to the potential for linked activities using outdoor spaces and other sites in conjunction with the River Centre building if, as seems likely, space constraints are a limiting factor for the project.

5. RACC Environmental Education Programmes

In August 2008 Richmond Adult and Community College (RACC) approached the Trust and proposed a partnership to develop a series of environmental education programmes. RACC developed a proposal for the development of these programmes over the period up until 2013 and a 2:1 split between RACC and the Trust was agreed for both costs and revenues. The costs and revenues attributable to the Trust under this proposal were included in the business plan.

This process has already started; the first programme – to provide healthy walks for people with learning disabilities – was delivered last year and will be expanded upon this year. A programme to deliver NVQ training in the environmental management of green spaces to local young people is currently in preparation and will start delivery later this year. A programme of adult education courses – focussed on the ecology and heritage of the river – is due to start this summer and will be expanded in the Autumn.

At the same time the RACC has reviewed and revised its forecasts for the size and value of its involvement in the environmental education market. It has also reviewed its role in the River Centre building elements of the Environment Trust's work and has basically decided to withdraw altogether from this.

The net result is that it is no longer considering an apprenticeship programme and has greatly reduced its forecast for the number of students likely to be doing the Land Based Environmental Studies programme. At the same time the number of potential partners in this programme has increased.

A new forecast has therefore been produced by RACC which is as a more conservative baseline forecast of the value to the RACC and the Trust of their partnership to develop this market. This forecast reduces the estimated baseline for income to the River Centre from this partnership on year two of operation from £135000 to £15000.

This is a significant change to the manner in which the partnership work with the RACC is handled within the Business Plan, especially in terms of the flow of operational costs and revenue. It has the effect of reducing the forecast operational turnover in year two of operation by some 30 per cent to around £280,000 and the net revenue by around 20 per cent to around £110,000. There are various implications from this, including that:

- The revised turnover from the partnership is now at the low end of expectations whereas previously it was rather optimistic. The Trust and RACC are hopeful that the actual size of the environmental education partnership will be in excess of this baseline total
- The changes release capacity in the education spaces that can now be used for other purposes

Nevertheless, the River Centre revenues remain comfortably in credit particularly because there was no significant net return from the original figures in any event – in fact, given the relatively low returns of the education sector, the margin as a percentage of turnover increases.

The work to date with RACC has revealed the great potential of the River Centre to the further education sector. There is an increasing requirement for partnerships with local community and business in education delivery, nowhere more so than with the new diplomas for 14 to 19 year olds. The entire education sector is gearing up to deliver 10 diploma subjects, starting next school year, and 17 diplomas will be available from 2011. Several of these diplomas, in addition to Land Based and Environmental Studies, could readily be linked to the River Centre. More discussion of these other opportunities is provided in the section below.

The advantage of this reduction in the potential size of the partnership with RACC, from the perspective of the River Centre, is that it provides an opportunity to develop other partnerships with education providers across a broader spectrum of activities. This would provide a more robust model for the River Centre and addresses the concern, expressed by some, that it could have become an annex of the RACC. A broader based set of partnerships with education providers is however likely to require more management and administration from the River Centre team.

6. Other Opportunities in Further Education and Training Programmes

As noted in 5 above, the reduction in the aspirations for the partnership with RACC provides opportunities, subject to the results of the capacity review noted in 4 above, to develop other opportunities, particularly in the further education and training sectors. It is too early to provide many details at this stage but we are considering the following opportunities:

- Diplomas: there are particular opportunities in the Construction and Built Environment Diploma, building upon our existing relationship with Kingston University, where we are joint managers of a PhD developing the River Centre as a sustainable building education tool. There are clear opportunities in other diplomas such as “Sport and Active Leisure”, “Creative and Media” and “Society, Health and Development” to deliver out of school activities along with our partners in the community and business sectors.
- Apprenticeships: one of the main benefits of the boat house will be the provision of apprenticeships for local people in boat maintenance and wood working skills. There are opportunities for apprenticeships in association with the restaurant as well as in the day to day management of the River Centre and the activities of the partners within the building. A formal assessment of employment and apprenticeship opportunities in the River Centre will be produced as part of the next Business Plan
- Continuing Professional Development. Most professional organisations now require their members to undertake ongoing training and development for their skills. There is considerable scope for the River Centre to provide training days in association with the key bodies in the environmental and construction sectors for example. This opportunity is currently being investigated.

Further assessment of each of these opportunities will be provided in the next Business Plan.

7. General Education

The work of the environmental education specialist, funded by City Bridge Trust and employed to develop the links between the Trust and the statutory education sector, is progressing very well. The Schools Environment Forum, a joint initiative between the Trust and REN, is a key part of this programme. This forum links the schools with local environmental operations concerned with the natural heritage of the Borough such as Kew Gardens, Barnes Wetland Centre and Royal Parks and provides information and advice to schools looking to expand their environmental programmes both within and outside the school. In Year One of the programme, which ended late last year:

- **80%** of the borough's state schools attended at least one Schools Environment Forum.
- Over **3500** primary school pupils attended one of the environmental assemblies or teaching sessions
- Over **300** children and adults attended the Orleans wildlife day, set up and managed with REN and Orleans Gallery, introducing the public to nature in the Borough
- **210** pupils received wildlife garden design workshops as part of the wildlife garden competition, encouraging their understanding of the natural heritage of the Borough and improving the environment of their schools.
- **180** people are now on the REN schools database and regularly receive updates on environmental initiatives for schools

Projects with local schools over the last few months include:

- An initiative in partnership with the Council to provide local schools with gardeners to work with the children in managing their schools' natural environment through gardening clubs.
- A school wildlife garden competition, with sponsorship from Mears Ltd. Mears provided all the labour and materials for working on 3 schools including building a big wildlife garden in one primary school.
- The 'tree of life project' supported by Hampton Fuel Allotments. The project partners with the Trust and REN are the Hampton and Hampton Hill Voluntary Care Group (HHHVCG). The aim of the project is for some of the elderly people who use the services of HHHVCG to work with school children from 2 primary schools to create a large 'tree of life' mosaic for the Greenwood centre. In the process the school children will learn about the native trees of the Borough, wildlife and how life has changed for people over the last 70 years

This work is proving extremely valuable in developing the environmental education sector within the borough through beneficial relationships developed with a network of local schools. In financial terms the new funding support brought into the sector as a result of these initiatives is in the region of £40,000.

8. Other project work

The River Centre project is a primary driver in the Trust's development of a number of other projects and relationships. The main project outcome over the last few months is the award of a two year grant from Heritage Lottery Fund (HLF), with additional support from Hampton Fuel Allotments, to undertake a major oral history project on the lives of working people on the tidal Thames. This project will be known as "Between the Locks" and covers the controlled tidal reach between Teddington Lock and Richmond Half Lock. It will be delivered in partnership with Christ's School, Twickenham and Richmond Museums, Age Concern, and Port of London Authority and will create a resource of educational information regarding the historical and ongoing uses of the river for commerce and pleasure. The benefits to the River Centre of this project include:

- The strengthening of relationships with key partners such as PLA, Environment Agency, local residents (particularly the elderly), local river industries, and the school concerned
- The provision of an archive of material on the historical and current uses of the river
- Meeting many more local people with an interest in the river
- The delivery of a major related project to the HLF.. This project will help to develop the relationship with HLF (and Hampton Fuel Allotments) as key potential supporters of the River Centre project in the future

A second major project starting in the last few months is The Thames Discovery Programme. This is a major three year programme of archaeological investigation and education for the tidal Thames. It is funded by HLF and delivered through Museum of London, Thames Explorer Trust and Thames Estuary Partnership among others. This partnership has approached the Trust to help in the delivery of education programmes and archaeological surveys along the upper tidal Thames. The development of this programme is ongoing.

The Trust has held preliminary discussions with Richmond Youth Partnership about potential linkages in the River centre and through related projects and RYP has agreed to become a supporter of the River Centre project. The RYP is representative of 14 to 20 year olds in the borough. The questionnaire from the public at our exhibition last year identified the expectation that the River Centre would provide facilities and support to this age group and the Trust is very hopeful that the relationship with RYP will help to provide this.

9. Funding for the development phase

The main funding for the development phase over the next 12 months is being provided through a combination of the City Bridge Trust funding and an enormous amount of pro bono support from 20 or more specialists. There are a number of specialist support needs identified for the next 12 months as follows:

- Commercial education expertise. The education programme is growing in scope already and there is potential for considerable additional growth. The Trust is currently seeking a specialist on the management side of further education to help guide this growth
- Legal support. The Trust is currently receiving high level legal support through a retired partner of Clifford Chance city law firm. This support is covering most aspects of the legal programme but cannot provide a sign off on contracts envisaged for the end of the year. The Trust is planning to engage a local legal firm to provide this support.
- Restaurant scheme development. There will be a requirement for a restaurant specialist to support this aspect of the project over the next 12 months

- Audience development plan. This is a likely requirement of major funding bids scheduled for 12 months time, with potential for funding through the project development phases of such grants.
- Boat house strategy. This will be developed over the next 12 months

Some of these needs may be met by additional pro bono support. The Trust is also preparing a bid to funders to support the development of the educational programme. There is likely to be in the order of £10,000 to £15000 funding required to cover any outstanding items. This will be provided from the following sources:

- Events run over the summer and linked to the river. A series of events are proposed to engage and involve the public in the river and its associated green corridor. These will incorporate fund raising although the main purpose will be increasing public awareness of the value of the river
- Major event in the autumn with Sir David Attenborough. A fund raising and awareness raising event supported by our Patron
- Continued support from local individuals. Supporters have already provided over £7000 to the River Centre project funds over the last 18 months
- Revenues generated from the education work

After this 12 month period, if and when planning permission for the project is secured, then major fund raising for the building development through grant sources will have more certainty. Commercial organisations have also indicated their interest in providing sponsorship support following receipt of planning for a defined project.

10. Specification for the River Centre

The main work on the specification for the River Centre was provided as part of the packages sent to each of the short listed developers in September 2008. Supplementary information has since been provided to each developer, setting out guidelines for the sustainability features to be incorporated into the building.

11. Funding for the Fit Out

An initial specification for the fit out of the River Centre was produced and costed last year. Further work will be undertaken on this specification and the associated costs following a decision from the Council as to its preferred developer and further discussions with this developer and his team.

Discussions are ongoing with HLF regarding the River Centre project. A stage one submission to HLF for the main fit out of the building will be submitted by the end of 2009. This will include consultancy costs for designing the fit out and associated parts of the building and the provision of funded posts.

The Trust is also in contact with other potential funders of aspects of the fit out. These funders will be approached as and when the preferred developer and his scheme have been finalised.

12. Restaurant assessment

A review has been undertaken of the proposals for the restaurant aspects of the project by a very experienced developer and manager of comparable and larger projects. Among his previous projects he has been finance director of the Barbican project and the City of Birmingham Symphony Orchestra.

This review identified no major objections or concerns with the restaurant proposals as set out in the latest Business Plan of September 2008. The review does identify a number of activities that should be undertaken over the next 12 months to ground truth the revenues provided, aid the design of the building and its fit out, and prepare for the appointment of a restaurateur.

The Trust is currently producing a scope of work for a specialist restaurant consultant to support these activities over the next 12 months. Obviously, we will be keeping a particularly careful eye on the potential impact of the recession on restaurant incomes, based on a likely operational start date for this area of 2012.

Proposed Work Areas over the Next Six Months

In addition to the specific areas identified above, the following work items have been identified through the review process as potential work items for the next six months:

- Further development and costing of the fit out proposals following the selection of the preferred development
- Further consideration of the VAT requirements for the project
- Further assessment of building operational costs
- More detailed consideration of the employment and apprenticeship opportunities and implications for the River Centre
- Consideration of the opportunities for a shop within the Centre
- Further consideration of the implications of various environmental and associated planning regulations on the design of the River Centre and its operation
- Incorporation of lower growth scenarios for the latter parts of the ten year model period
- Risk assessment based on the potential for differential growth in cost and revenue inflation
- Consideration given to including a Mission Statement; Operational Statement; Cash Flow and Operating Budget in the next version of the detailed Business Plan
- Further work on valuation of the restaurant operation
- Scoping out the Invitation to Tender documentation for the restaurant operation

These works will be reported as part of the next Business Plan, scheduled for October 2009.