

DECISION ITEM



REPORT OF	MEETING	DATE	ITEM NO
DEVELOPMENT SERVICES	TOURISM AND LEISURE COMMITTEE	10 SEPTEMBER 2015	5

BOAT REPLACEMENT AT FAIRHAVEN LAKE

PUBLIC ITEM

This item is for consideration in the public part of the meeting.

SUMMARY

The report provides a brief history of the boating service at Fairhaven Lake along with events that led to the early closure of the 2014 motorboat season and the subsequent review of service options.

The report sets out the details of an addition to the Council's capital programme in December 2014 in the sum of £55,000 for boat replacement during 2014/2015 to be fully funded from the Capital Investment Reserve. A subsequent report to Cabinet in December 2014 described the tendering and procurement issues in relation to the replacement of the teak motorboats at Fairhaven Lake, with a new fleet of fibre glass electric craft.

This report outlines the difficulties encountered with the supply of the new boats to the required specifications and in the specified timeframe and the remedial actions that have been undertaken to ensure that Fylde Council could still provide a 'boating offer' at Fairhaven Lake through the 2015 summer season.

The report sets out details of the progress on delivery of the capital scheme to date and proposals for the delivery of the remainder of the scheme.

RECOMMENDATIONS

That members are asked to:

1. Note the progress on delivery of the boat replacement scheme and the £19,167 spent to date in the purchase of 5 motorboats on Fairhaven Lake; and
2. Approve the delivery of the remainder of the boat replacement capital scheme by way of the replacement of the existing motorised boats at Fairhaven Lake with seven new motorboats, to be met from the balance of the sum within the approved capital programme for this purpose as detailed within this report.

CORPORATE PRIORITIES			
To Promote the Enhancement of The Natural & Built Environment (Place)	√	To Encourage Cohesive Communities (People)	
To Promote a Thriving Economy (Prosperity)	√	To Meet Expectations of our Customers (Performance)	√

SUMMARY OF PREVIOUS DECISIONS

Full Council - Monday, 1 December 2014. Replacement of Motorised Boats at Fairhaven Lake

Following a show of hands, it was RESOLVED to approve an addition to the Council's capital programme in the sum of £55,000 in 2014/2015 to be fully funded from the capital investment reserve.

Cabinet Meeting - Tuesday, 2 December 2014. Replacement of Motorised Boats at Fairhaven Lake

In reaching its decision, Cabinet considered the details set out in the report before it and at the meeting and RESOLVED to approve the expenditure, in respect of the proposed scheme to replace the existing motorised boats (and associated works) at Fairhaven Lake with ten new electric boats in 2014/15, to the sum of £55k as detailed within the report.

BACKGROUND

1. Since the construction of Fairhaven Lake and Gardens in 1923, the Lake has been used for a variety of sailing and water activities. Fylde Council (and predecessor authority Lytham St Annes Corporation) has delivered a commercial boating service since around the mid 1930's up until the present day. During this period the style and number of vessels has changed many times, except that of the teak motorboats, which have been in constant use for several decades.
2. The Council has ran a fleet of 17 teak motorboats, the 'launch' and a variety of non-motorised fleet such as canoes, rowing boats and Pedalos for many years. The motorboats are the main craft in the fleet and bring in around 80% of the boat service income, between £40K -£50K per annum, dependant on weather. However, many of these vessels are decades old and have been constantly repaired, altered and maintained by council staff during each winter period.

CURRENT SITUATION

3. In August 2014 the teak motorboats were inspected by the Health and Safety Team from Blackpool Council, due to several Health & Safety concerns identified by Fylde Council Officers. Certain alterations were recommended by the H&S team to ensure user safety, in particular to securely 'house' the air cooled engines. These alterations were carried out immediately. A full condition survey of the motorised fleet, was carried out and the report concluded that only 3 of the original teak motorboats could be made 'sea worthy' for future use (this report is available in full from the Parks & Greenspace Team). It was the intention to restore and retain these 3 teak boats with a new power source, from existing revenue budgets, and therefore retaining an element of heritage value.
4. Further to the alterations being carried out on these vessels, one of the engines set on fire due to overheating on the 7th September 2014. There was no injury to service users or staff, but a management decision was made to suspend the motorised boating service, as user safety could not be guaranteed.

5. Officers from the Parks and Greenspace team then liaised with numerous national boat service operators and undertook an evaluation of a range of craft that would be suitable for Fairhaven Lake. To ensure a sustainable and safe 'boating offer' at Fairhaven Lake, it was proposed to replace the 17 teak motor boats, with 10 fibre glass, electric boats. A capital scheme for the replacement of the boats was developed and was considered by Council and Cabinet in December 2014, requesting funding of £54,800 to replace the teak motorboats with modern sustainable boats, and to carry out some small infrastructure works.

Breakdown of the Capital Bid December 2014

Cost Heading	Description	Total
Purchase of 10 Electric Boats including 1 all-inclusive boat	To purchase 9 standard electric, fibre glass boats with battery and chargers @ £4,915 each and one all-inclusive boat at £6,415	£50,650
Electric Infrastructure Upgrade	New feeder pillar and column, upgrade lanterns, new wiring, ducting and sockets	£2,650
Decommissioning petrol storage chamber	To remove or 'fill in' the existing underground fuel storage bunker	£1,500
Total Project Costs		£54,800

6. A comprehensive tender document was prepared and advertised in November 2014, in accordance with the council's procurement regulations, via the CHEST Procurement system. Three suppliers were alerted to the tender advert, but due to the specialist nature of the tender, the Council only received one tender submission. After a quality and cost evaluation, the tender submission was recommended to be accepted by Cabinet, on the condition of a demonstration by the supplier of a similar craft on Fairhaven Lake. Two demonstrations took place on 8th January and 9th January 2015 after which the craft was deemed acceptable. The contract was awarded on 19th January 2015, with the supplier agreeing that 3 new boats would be completed and tested by the 3rd April 2015 and then another 2 boats provided each month until the order had been fulfilled. A separate order was issued to the same supplier to fit electric motors to 3 teak motorboats. The supplier confirmed that these conversions would also be complete by the 3rd April 2015. An order was also given to a separate local contractor to upgrade the electrical infrastructure to allow the charging of batteries for the electric motors.
7. During late January and early February 2015, communication between officers and the supplier took place regularly to confirm the details of the order and to ensure the supplier fully understood the requirements of the council. However during February communications became strained and started to break down. It soon became evident to officers that the company were struggling to fulfil the order, in regard to specification, quality and timescales. After protracted negotiations with the supplier, it was decided to terminate the contract for the manufacture and delivery of the 10 new boats in the best interests of the Council. The contract was terminated on the 10th March 2015, and the order for the electric conversion of the 3 teak boats was also cancelled on the 18th March 2015. Officers were careful to ensure no liability arose from this termination for Fylde Council.
8. The boat service was due to open on the 3rd April 2015. Officers had to act quickly to source alternative craft to enable the provision of some form of motorised 'boating offer' at Fairhaven

Lake. As a result, 5 used fibre glass motorboats were purchased from 2 separate suppliers. These boats were urgently purchased from the Capital Grant, in consultation with the Portfolio Holder, to allow Fylde to get a small number of boats in operation for the start of the season. The non-motorised fleet and the 'launch' were also available and marketing information was updated to reflect the reduced service.

Breakdown of the Capital Spend to date:

9.

Cost Heading	Description	Total
Electric Infrastructure Upgrade	New feeder pillar and column, upgrade lanterns, new wiring, ducting and sockets	£3,145
Motor boats	5 x used ranger boat complete with engine and controls	£16,022
Total spent to date		£19,167

PROPOSAL

10. The 5 fibre glass motorboats have been in use all summer and feedback from customers and boat service staff has been very positive. Fylde boat service staff have managed to make some alterations to 2 of the teak motorboats, so that they can be powered by an outboard engine. These too have received positive feedback from the public. Therefore, the current fleet consists of 5 fibre glass motorboats, 2 timber motorboats, the launch and the rowing boats.
11. Various boats and power sources have been explored and tested over the last 3 months including a more powerful electric option. However, even this more advanced electric option is not convincing, in terms of running a regular boat hire service. The fibre glass motorboats have proved very popular with users, and also prove easy and cost effective to maintain and run. Officers have been in detailed discussion with representatives from Avon Boating and Orkney Boats, to assess purchase opportunities.
12. Officers have evaluated the following three options for: cost, specification, performance, reliability & delivery:
 - Electric 4.4, fibre glass hull, internal layout and electric motor and battery pack from Water Roo Craft
 - Ranger 12, fibre glass hull, internal layout with a 4 stroke 4hp outboard engine from Avon Boating
 - Orkney 440, fibre glass hull, internal layout from Orkney, with a 4 stroke 4hp outboard engine and steering kit from Barras.
13. The evaluation demonstrated that the product that best meets the needs of the Council to run a boat hire service are the Orkney 440 hulls with internal layout, with outboard engines and steering kits from purchased from Barras. Fylde Parks and Greenspace operatives have experience of fitting engines and steering kits.
14. Orkney Boats are a reputable national company in the boat building industry and officers have seen a demonstration of the Orkney 440 at a holiday park, where the same craft are used as hire boats in an open Bay situation. The build and delivery time for 7 boats is around 16 – 20 weeks, which means if an order is placed in September, the hulls should be ready to have the engines

installed in January. The Orkney 440 boats are CE certified Cat C by the Recreational Craft Directive and will be coded by the MCA for commercial hire boat use under the MGN280 standard.

Proposed spend of the remaining Capital Fund:

15.

Cost Heading	Description	Total
Motor boats	7 x Orkney 440 new fibre glass hulls with internal fittings at £3,503 per boat	£24,521
Engines and Steering Units	7 x 4 stroke 4hp engines and steering units at £1,500 each	£10,500
Total cost of new replacement boats		£35,021

16. To date spend of £19,167 has been incurred out of the original capital budget of £55,000, leaving a balance of £35,833. The proposed further expenditure of £35,021 as detailed above is within the remaining capital scheme budget. It is proposed that the balance of £812 remaining is used to meet any unforeseen contingencies required.

Method and cost of financing the scheme

17. It is proposed that the project is funded in full from the remaining capital scheme budget.

Future revenue budget impact

18. There are no additional revenue implications to this proposal.

Risk assessment

19. A risk assessment has been carried out to identify and mitigate any risks associated with the purchase of the new replacement boats.

Viable alternatives

20. Officers have considered alternative proposals which are set out in the report.

Value for money and details of procurement path

21. In order to ensure that value for money is achieved a procurement exercise has been undertaken in accordance with the Council's contract procedure rules. Selection of the successful tenderer will be on the basis that value for money is a key consideration as well as the suitability of the goods provided.

Detailed objectives, outputs and outcomes

22. The objectives, outcomes and outputs are to:

- Have a new modern fleet of power boats that are clean, safe and popular with users
- Provide a safe and sustainable 'boating offer'
- Ensure that the current income generated is sustainable, with a potential to increase
- Provide an upgraded modern visitor attraction that meets the needs of service users
- Increase chance of sustaining Green Flag status for the site

SUMMARY

23. The proposal is to purchase 7 new fibre glass hulls, along with 7 outboard engines and steering kits. In addition to installing a 4 stroke 4hp outboard engine into the remaining timber boat,

financed from current revenue budgets. This will provide a motorised fleet of 12 fibre glass motorboats, 3 timber 'heritage' motorboats, the launch and the non-motorised fleet, for the start of the season in March 2016.

IMPLICATIONS	
Finance	<p>The committee is requested to approve the expenditure as detailed within the report from the balance of the capital scheme sum of £35,833 in respect of boat replacement at Fairhaven Lake on the replacement of the existing motorised boats at Fairhaven Lake with seven new motorboats .</p> <p>Revenue Income for motorised boats is in the region of £30k - £40k per annum which over the 5 year forecast would equate to £150k - £200k. A loss of income of this scale would be detrimental to the Council's revenue budget.</p>
Legal	None arising from this report
Community Safety	The provision of a fleet of new modern fibre glass boats will greatly improve user safety.
Human Rights and Equalities	None arising from this report
Sustainability and Environmental Impact	The proposals represent the replacement of the existing fleet of motorboats. The fibre glass construction of the new craft will create less maintenance and increase sustainability. The modern engines will prove to have less impact on the environment in comparison to the existing engines, and will be more economical to run.
Health & Safety and Risk Management	Each boat and engine will have CE certification to ensure adherence to Industry Health & Safety standards. All operating and maintenance activities will be undertaken under a new range of safe systems of work and risk assessments.

LEAD AUTHOR	TEL	DATE	DOC ID
Mark Wilde	01253 658475	21 August 2015	

LIST OF BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Photograph & Specification of Orkney 440 Fibre glass boat	December 2014 December August 2015	Catalogue available in the Parks & Greenspace Team office
Cabinet report and minutes	2 nd Dec 2014	http://www.fylde.gov.uk/meetings/details/1221
Council report and minutes	1 st Dec 2014	http://www.fylde.gov.uk/meetings/details/1199