

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
HEAD OF TECHNICAL SERVICES	FINANCE AND DEMOCRACY COMMITTEE	23 JUNE 2022	8
FULLY FUNDED CAPITAL INCREASE - NORTH BEACH WINDSPORTS CENTRE			

PUBLIC ITEM

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

SUMMARY

A report was presented to the Tourism and Leisure committee, held on 9th June 2022, detailing the latest financial implications for the North Beach Windsports Centre scheme.

The Estates & Asset Management team, in liaison with external consultants and contractors, have built up information on the structure of the property and the utility services that serve it. Tenders have been sought for a main contractor and separately, quotes for other requirements such as the Changing Places Toilet fit-out, shutters, bifold doors and a replacement fire & intruder alarm etc have been obtained.

In summary, the largest impact on the budget has been from the main contractor works, which came in over £60,000 than budgeted, coupled with the requirement to install a new efficient boiler to address the combined property's needs which can be later connected to PV panels for solar power if wished.

The main contractor will commence works on site on 30 May which is 1 week later than planned, with an 8 week schedule for landlord only works. They and the incoming tenant have agreed that they will be working together on their works and fit-out to shorten the combined works to deliver a new windsports centre and café.

RECOMMENDATION

1. To approve a fully funded capital budget increase in respect of the Windsports Centre within the existing approved Capital Programme for 2022/23 in the sum of £50,000, to be met in full from the capital investment reserve.

SUMMARY OF PREVIOUS DECISIONS

Tourism & Leisure Committee – 9 June 2022

1. Recommend to the Finance and Democracy Committee approval of a fully funded capital budget increase in respect of the Windsports Centre within the existing approved Capital Programme for 2022/23 in the sum of £50,000, to be met in full from the capital investment reserve;
2. Subject to approval of the Finance and Democracy Committee approve the drawdown of £250,000 of the total funding for the Windsports centre within the 2022/23 capital programme.
3. Approve the engagement of Singleton and Smart at a contract value of £197,000 to undertake the proposed construction works as detailed in the report with the works being funded from the 2022/23 Councils Capital Programme.

4. Note the procurement approach proposed to deliver the various elements of this project as detailed in sections 8 to 11 of this report. The informal procedure has been used for letting these small contracts, in line with the contract procedure rules.

Council - 25 April 2022

It was unanimously RESOLVED to:

1. Approve a new fully funded capital scheme 'Changing Places' within the Council's Capital Programme for the sum of £120,000 (2022/23 - £40,000 and 2023/24 - £80,000) to be fully funded by Changing Places Grant funding of £108,000 and £12,000 to be funded from the Capital Investment Reserve.
2. Authorise the drawdown of expenditure of £40,000 in 2022/23 to install one Changing Places facility within the North Beach Windsports building as part of a proposed refurbishment works as detailed within the body of the report and note that a further drawdown report would be presented to the Operational Management Committee for the remaining £80,000.

Finance & Democracy Committee - 27 Jan 2022

It was RESOLVED: To approve a funded addition to the Council's Capital Programme in 2021/22 in the sum of £200,000 to the 'North Beach Windsports Centre' scheme, to be met from the Capital Investment Reserve.

Tourism & Leisure Committee - 6 Jan 2022

To recommend to Finance & Democracy Committee, approval of a funded addition to the Council's Capital Programme in 2021/22 in the sum of £200,000 to the 'North Beach Wind Sports Centre' scheme, to be met from the Capital Investment Reserve.

Tourism & Leisure Committee - 9 Sept 2021

RESOLVED:

1. To note the terms of the Court Order in resolution of the breach of the terms of the lease of the tenant of the former Sand Yacht Club building.
2. To agree to officers working up a scheme to redevelop the former Sand Yacht Club building and yard as a wind sports centre as set out in the report and bring a further report on proposals for the creation of a wind sports centre to a future meeting.

Director of Development Services - 7 August 2019

To commence legal proceedings to seek forfeiture of the lease and underlease of the Sand Yacht Club building.

Finance and Democracy Committee – 22 July 2019

RESOLVED to delegate authority to the Director of Development Services to forfeit the lease and underlease (either by proceedings or by peaceable re-entry) should officers consider the Tenant unable/unwilling to remedy the breaches identified.

Ground lease of Sand Yacht Club building - Portfolio Holder Decision - 2009/012

That the Portfolio Holder authorises the grant of a new ground lease to Trax on the terms set out in the report.

CORPORATE PRIORITIES

Economy – To create a vibrant and healthy economy	✓
Environment – To deliver services customers expect	✓
Efficiency – By spending money in the most efficient way	✓
Tourism – To create a great place to live and visit	✓

REPORT

Tender and Estimated Quotes

1. From the outset, due to the lack of information held for the property, it was crucial for the project, to understand the building and its service connections before the final requirements could be collated and detailed in layout plans, technical drawing and tender documents.
2. By undertaking investigative groundwork, a number of unforeseen items were identified which included:
 - Blocked and broken external drainage connections to the foul sewer
 - A boiler which would be inadequate to serve the property's needs
 - Fire & intruder alarm system for which we have no contract or operating manuals
 - Higher than expected costs for 3 phase electricity required for a commercial kitchen
3. Invitations to Tender for the main contract works were issued to 6 companies who had expressed an interest in submitting bids. In all, there were 2 compliant tenders received with tenders ranging from £197,000 to £215,000. The contract was offered to the lowest tenderer at £197,000.
4. Owing to the long lead in times for bifold doors, it was decided to exclude this element of the refurbishment from the main contract works. Lead in times alone are 6-8 weeks and the contracted programme is only 8 weeks. Quotes were invited from different parties, to date we have received one at £19.8k (subject to final survey) and are imminently awaiting another as other installers have declined due to the current demand from the domestic market. It is proposed that lower bid of the 2 who have taken up the offer will be instructed.

Financial Implications

5. The total capital cost for the whole scheme is estimated at £290,000. There is currently £200,000 within the Council's 2022/23 capital programme and £40,000 within the Changing Places Capital scheme. The report seeks a fully funded additional budget to the Council's 2022/23 capital programme of £50,000.
6. The breakdown of the updated budget cost is shown in Table 1 below including the £40,000 Changing Places facility within the North Beach Windsports building that has already been approved by Council on the 25th April 2022.

Cost Heading	Total
Construction costs (Main Contract)	£197,000*
Construction (Other)	£54,613
Building Control & Planning fee	£1,329
Professional Fees	£14,000
Sub-Total Capital Cost	£266,942
Contingency	£23,058
Total Capital Cost	£290,000

7. In addition, there will be some costs within the main contract sum to be passed onto the incoming tenant as they solely relate to their requirements for the café, such as the removal and making good of a wall to open up the accommodation.
8. A breakdown of the capital funding strategy is included below in Table 2:

Table 2 -Capital Funding Strategy

Funder	Total £
Changing Places	£40,000
Fylde Council contribution (2022/2023)	£200,000
Funded budget increase	£50,000
Total Capital Cost	£290,000

9. The ongoing revenue costs to maintain the Windsports Centre will be met from existing revenue budgets and additional income generated from the letting of the facility.

Overall Budget Increase

10. In summary, the budget costs have increased owing to additional unforeseen elements of works, the rising costs of materials and highly likely, contractor demand.
11. It was initially anticipated that main contractor costs would be closer to £130k. Unfortunately, it is an ongoing challenge to estimate construction prices at this time.
12. With an over project outturn cost of £290,000 with grant and revenue funding to set off against the capital expenditure required, coupled with a tenant contribution as set out at point 13, an uplift of a further £50k is required to cover the shortfall.

Project Timeline

13. The tenant will be engaging the main contractor to undertake their fit-out works to compress the project delivery timeline:
- 30 May – contract start date
 - 22 July – end of 8 week contract
 - Tenant Final Fit Out – 2 weeks
 - w/c 8 August – café opening

IMPLICATIONS	
Finance	The report recommends to Finance and Democracy Committee approval of a fully funded capital budget increase in respect of the Windsports Centre within the existing approved Capital Programme for 2022/23 in the sum of £50,000, to be met in full from the capital investment reserve. Subject to Finance and Democracy Committee approval described above, authorise the drawdown expenditure of £250,000 and approve the engagement of Singleton and Smart at a contract value of £197,000 to undertake the proposed construction works as detailed in the body of the report.
Legal	No implications arising from this report.
Community Safety	No implications arising from this report.
Human Rights and Equalities	No implications arising from this report.
Sustainability and Environmental Impact	No implications arising from this report.
Health & Safety and Risk Management	No implications arising from this report.

LEAD AUTHOR	CONTACT DETAILS	DATE
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BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
N/A		

