

## DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
HEAD OF TECHNICAL SERVICES	TOURISM AND LEISURE COMMITTEE	9 JUNE 2022	4

### NORTH BEACH WINDSPORTS CENTRE – FUNDED CAPITAL BUDGET INCREASE

#### PUBLIC ITEM

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

#### SUMMARY

Following the approval to a fully funded budget increase 4 months ago, Estates & Asset Management, in liaison with external consultants and contractors, have built up information on the structure of the property and the utility services that serve it.

With the formal selection of the café tenant in February, their requirements have been integrated into the overall future plans for the property, together with those for the windsports' clubs.

Layout plans were agreed to accommodate the kitchen installation, storage and pot-wash areas, together with the need for additional toilet facilities, which enabled the architect and quantity surveyor to work up details for a planning application and tender documentation respectively.

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 and so on 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.

#### RECOMMENDATIONS

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.

## SUMMARY OF PREVIOUS DECISIONS

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

### Background

1. Following on from Committee approval in January, the Estates and Asset Team moved forward to investigate and understand the property's construction and the existing M&E within the main building and the annexe.
2. An architect and QS were brought on board to work up options for the reconfiguration of the property and work with the council officers on the proposed refurbishment of the interior and upgrading of the external decking area.
3. In the interim, tenders were received from interested parties for the café offer and a successful tenant has been offered the opportunity to take up a 7 year term on a commercial lease basis. Their submitted Business Plan setting out their proposals for the café, community & windsports clubs' engagement, and detailing their financial projections, coupled with their performance at a formal interview gave confidence to Members and Officers that they were best suited for this upgraded cafe facility.
4. The week after the tenants were notified, they were meeting with the council's architect & officers, to ensure that the overall layout, including new toilet facilities, would deliver a successful commercial enterprise, with the income received subsidising the overall running costs of the facility.

### Tender and Estimated Quotes

5. 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.
6. 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
7. 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.
8. 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.
9. The Council has an existing positive relationship with Fox Fire and Security who provide intruder and fire alarms for the Town Hall and work closely with our alarm monitoring company, BBC. With no information on the fire and intruder alarm system for this property, and the usual override codes not being recognised, it was decided to replace the same and install a new system which will be a better fit post refurbishment and it is proposed that Fox Fire and Security be the preferred installer with their quote of £3,500.
10. There are very limited local suppliers for steel shutters and we have worked with Keman in Blackpool on maintenance with the existing security shutters and found the company to be both supportive and responsive. The quote to replace the seaward elevation with grey plastic coated shutters and like for like with the garage door amounts to £16.9k. They have confirmed that the shutters can be provided and installed in liaison with the main contractor within the contract programme.
11. A tender exercise was undertaken for the Changing Places Toilet installation, which is specialised in nature. Three quotes were received which ranged from £14,493 to £16,565. The winning tenderer was Kingcraft.

## Financial Implications

12. The total capital cost for the whole scheme is estimated at £290,000. There is currently £200,000 within the Councils 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.
13. 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 25<sup>th</sup> 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
<b>Total Capital Cost</b>	<b>£290,000</b>

14. The appointed Quantity Surveyor will itemise the cost elements out of the main construction contract as they relate to the works for the Changing Places Toilet. The current estimate for installing electrics, new foul drainage, plumbing, internal works and provision of a new external door are in the region of £15k. Final quantified sums will be signed off by the consultant in connection with the grant for the facility once works are completed.
15. 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.
16. 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
<b>Total Capital Cost</b>	<b>£290,000</b>

17. 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.
18. The windsports' clubs have agreed to keep their own "Common Room" area clean and decorated at their own cost. The tenant has offered to clean the windsports' club toilets as well as their own café and staff toilets, whilst Danfo will pick up the cleaning of the Changing Places Toilet as part of their existing contract with the council. Going forward, it is anticipated that a contract cleaner will take on regular cleaning of the annexe (Ranger's Base) and the showers area.
19. There is a small monitoring cost of £115 per annum related to the fire and intruder alarms which will be covered out of existing revenue.

## Overall Budget Increase

20. In summary, the budget costs have increased owing to additional unforeseen elements of works, the rising costs of materials and highly likely, contractor demand.
21. 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.
22. 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.

### Tenant Contribution

23. Early discussions with the incoming café tenant have referenced financial contributions to cover off specific café related costs. However, they are not included at this stage as the sums are subject to negotiation as part of the Heads of Terms for the new lease.
24. It is worth noting that the incoming tenant has set aside a significant sum to deliver their new operation and to date, has expended considerable time with kitchen and internal designers, and with the council's architect to ensure a successful venture appropriate to its physical setting.

### Lease Completion

25. Once the main contract is underway, final negotiations will be reached with the tenant. When the Heads of Terms are formally approved, both parties will instruct their respective solicitors to complete the 7 year lease based on the agreed terms. The lease will take effect at a date to be agreed which may be between 1 to 2 weeks after Practical Completion of both Landlord and Tenant works.

### Project Timeline

26. 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

### Planning Consent

27. Existing Planning consent does permit the use of the building as a windsports centre with ancillary café, together with a decked external area. However, in order to extend the deck by 1m and construct a ramped access and pedestrian pathway for customers and disabled users and extend the hours for using the kitchen beyond 9pm a new planning application has been submitted for approval.

### Conclusion

28. This is a complex refurbishment working on a property that we had very little knowledge about, particularly surrounding its construction and existing M&E. Working together, the Estates and Asset team have gradually built up an array of information which has been shared with the contractor. This hopefully, will minimise the likelihood of any showstoppers impacting the project.

IMPLICATIONS	
Finance	<p>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.</p> <p>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</p>

	£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
Marie Percival	marie.percival@fylde.gov.uk 01253 658462	20 May 2022