

## DECISION ITEM

| REPORT OF                        | MEETING                       | DATE           | ITEM NO |
|----------------------------------|-------------------------------|----------------|---------|
| DEVELOPMENT SERVICES DIRECTORATE | TOURISM AND LEISURE COMMITTEE | 6 JANUARY 2022 | 4       |

### IN YEAR FUNDED BUDGET INCREASE - NORTH BEACH WINDSPORTS CENTRE

#### PUBLIC ITEM

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

#### SUMMARY

The property previously known as 'Trax' was brought back into council administration in July 2021 after the lease to the previous tenant was surrendered and vacant possession was obtained.

Over the last year there have been discussions with local wind sports clubs who have been seeking a fixed base and facilities to grow activities for kitesurfing, mini land yachts as well as other wind, water, and sand-based sports. Various local groups have expressed a desire to use the property as part of plans to grow sporting activity on a local, regional, and national footprint taking advantage of the ideal natural conditions offered on St Annes coast. A service level agreement would be required.

The various opportunities that could be explored from a refurbishment of the premises have been explored including a base for wind, sand and water sports clubs and a facility for all beach users to enjoy. In addition, the property could facilitate a small base and community contact point for the coast and countryside rangers.

Bringing in a commercial operator to run a café from the asset would improve the offer to the wider community and the many visitors to North Beach, who use this part of the beach throughout the year. In addition, the income from a lease would contribute towards the running costs of the whole facility.

The property needs significant refurbishment including replacement showers, new toilets for the café operation, replacement decking area, shutters, security measures and an upgrade of the décor and fittings. The cost of these works is estimated to be £200,000 and the reports seeks capital to fund the works from the capital investment reserve.

It is anticipated that, subject to contractor and material availability, the property will be ready for occupation in the summer season 2022.

#### RECOMMENDATIONS

1. The Committee is asked to consider and recommend to Finance & Democracy Committee, approval of a funded addition to the Councils 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.
2. Subject to approval by the Finance & Democracy Committee, the committee is requested to authorise the drawdown expenditure of £200,000 in 2021/22 as detailed within the report.
3. That Members approve the request to use a quotation procedure instead of the normal Contract Tender Rules that would apply to the works of this value in order to progress the scheme for completion in summer 2022 and reduce the period the premises are left vacant and unused.

## SUMMARY OF PREVIOUS DECISIONS

### 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. The property is located to the Northern corner of North Beach car park and has a decking area to the front that leads to a former kitchen area and open spaces that have been used previously for café space and educational classrooms. To the rear there is storage, toilets, and showers with significant outside space for car parking or outdoor use / storage. The property was leased for use as a sand and water sports facility with the leaseholder erecting most of the current structure and initially expressing interest in the sand yacht licence, but this was subsequently not taken up. The use of the facility was changed under a sublet by the tenant to a learning centre for bespoke students with the sand, wind and water sports offer removed and the café facility ceased. The council was not notified about the sublet or the change of use.
2. The lease of the property was forfeited following breaches of covenant by the previous tenant and possession of the site reverted to the council in July 2021. Following forfeiture of the lease officers inspected the facilities and considered options for redevelopment of the premises with the return of sand, wind and water sports the preferred option given the original remit for the premises and the increased wind and water sports activity particularly the development of kite surfing. St Annes is recognised as one of the best locations for kite surfing in the nation with the potential to develop the offer by offering a dedicated facility, this would be consistent with the corporate objective to maximise the benefit from council and natural assets.
3. The creation of a wind, sand and water sports centre would provide a base for groups and individuals partaking in the activities to do so in a safe and managed environment with the facilities to offer training, events, and development of the sports. Interest has been expressed in holding organised events from the centre which

would be an additional offer to the Fylde coast event programme enhancing the reputation of these growing sports and the local area. This approach would be consistent with the council's commitment to enhance the health and wellbeing of the community and offer a diverse tourism and sports experience.

4. The day-to-day operation of the centre (i.e. opening, closing, premise checks etc.) would be overseen and managed by one of the tenants to be agreed through a service level agreement based on use and access requirements. The council will have employees regularly accessing the premises for inspection and checks with the coastal rangers providing on-site support and a point of contact for the tenants and users when available. It is proposed to have a commercially operated café that will provide a financial contribution towards the cost of the facility.

## **FEASIBILITY DESIGN**

5. Instructions were passed to architects, CreativeSparc, to provide costed feasibility options which would address the requirements in the attached Brief (Appendix 1). Officers also engaged with local wind sports organisations to better understand how the building could best be made fit for use as a wind sports centre. The architect was commissioned to develop a two-phase refurbishment of the premises. The first phase is to provide a property that is fit for purpose addressing the requirements for the clubs, community, and a commercial café operator which can then be operational, and the second phase is for enhancements that would offer innovative environmental advantages and aesthetic improvements.
6. The second phase is not dependent on the first and would not necessarily automatically be required but would include opportunities such as generating power from natural elements (sun or wind) and wrapping the property in timber cladding to increase energy efficiency, initiatives that would deliver a carbon neutral facility. Images for both phases of the proposed development are included at Appendix 2.
7. The property was updated about 10 years ago by the previous tenant, who then sub-let the premises to a school that supported students with bespoke requirements. Maintenance was minimal particularly with respect to the shower area which has significant wear and tear. Given that the future use is envisaged for all the community with full access, and useability of facilities for everyone the refurbishment work is necessary.
8. The premise does not require a complete rebuild and there are some good features that have been incorporated for example, every threshold and door are capable of access by wheelchairs and prams and there are toilets and showers for disabled users, baby changing facilities and a changing places toilet facility. The refurbishment work brings the facility to a high standard that is fit for purpose as a community and commercial offer operating alongside each other.

## **COST OF PROPOSALS**

9. The architect has shared the design proposals with a quantity surveyor who has set out the cost for the two phases of work at Appendix 3. It is the first phase of work that is intended to be carried out at the property in the coming months, which amounts to a sum just under £200,000.
10. The refurbishment work under Phase 1 is necessary to bring the property back into use for the purpose of community and commercial as soon as practical to prevent further deterioration of the asset by leaving it unused for longer.
11. The work will be undertaken by different bespoke contractors and suppliers commissioned as packages of work for specialist elements of the scheme for example, decking, bi-fold doors, painting, electrical refit, painting etc. with a main contractor overseeing the refurbishment project not exceeding £100,000.

## **PROCUREMENT PATHWAY**

12. Because the value of the main contract exceeds £100,000, the council's contract procedure rules classify the works as a "large contract", which would normally require the contract to be subject to open or restricted tendering or let under a framework agreement.
13. Open tendering would require the council to open the work up to any bidder, subject to certain extensive quality checks. This would not normally be the preferred route for construction contracts. The route which would normally be preferred is restricted tendering. However, this is a two-stage process, involving selection of

tenderers before inviting bids. The timeline involved using the open tendering process would not meet the council's aspirations for the start of operation of the centre in summer 2022.

14. Instead, it is recommended that the "request for quotation" procedure is used for the Phase 1 works. Under this procedure, the buying officer must invite at least three quotations using an approved procurement portal. Because this would not be in accordance with normal procedures for 'large contracts', the committee is asked to specifically approve the non-compliance with the contract procedure rules.
15. Using the request for quotation procedure in this instance would likely obtain better value for money than the 'large contracts' procedure and best fit the council's requirements because there would be value in working with smaller contractors along an increased opportunity for local businesses and the local supply chain to benefit.

#### **CAFÉ OPERATOR**

16. During the early months of 2022, the council will advertise for tenders supported by a business plan from café operators interested in taking a lease for 7 years. The bidder will be required to produce a business plan that includes the proposed operating method as well as how they will work alongside the clubs using the rest of the centre and how they would engage with the community as part of a wider offer to achieve social value. The engagement with community groups and the social value offer will be a significant part of the quality evaluation assessment in the evaluation of the bid. Fit-out of the café demise including kitchen will be undertaken by the successful operator in return for a rent-free period, which will be reflective of the capital sum to be invested.
17. There is a multi-purpose room adjacent to what will be the café demise, which could be used as an over-flow area particularly when the weather is inclement, and the increased decking area is unavailable. The clubs and the coast and countryside ranger service will have the opportunity to use this space for events and initiatives for example presentations, displays, meetings etc. Accordingly, it would be proposed that the café operator manages a booking system so that they are aware when this room is available for their use and avoid double booking. Details of the booking responsibilities will form part of an SLA with all the users.

#### **CLUBS USE OF THE CENTRE**

18. The sports clubs interested in using the centre will be required to enter into a formal service level agreement that will set out the conditions and permitted use of the facility with the clubs responsible for increasing support and growth of wind, water and sand sports activities that will enhance the reputation of facility, the local area and the sports, the delivery of events as well as opportunity for newcomers to learn and develop the sports will be requirements of the service level agreement. It is anticipated that the clubs will be able to occupy the premises for the summer season.
19. The café operator would occupy the premises as soon as they have 'fitted out' their catering offer, the tender will offer the demise for the operator without the kitchen and ancillary areas being equipped. The operator will state in the tender bid what and how the fit out will be which will determine the time taken to complete the works and start operating. It will only be possible to estimate this when a successful tender is selected and a more definitive time frame can be placed on the refurbishment works commissioned by the council, it will be necessary to complete these works prior to handing over the demise for the café lease. If it is possible to install equipment or carry out any of the required café refit as part of the general refurbishment that will be considered to achieve operational efficiency and reduce the time between install and operation.

#### **MANAGEMENT & MAINTENANCE**

20. The Estates & Asset team, working alongside the Coastal & Countryside rangers will work collaboratively to manage the building, particularly as the rangers will have a dedicated presence in the annexe part.
21. The clubs and café tenant will have clearly defined responsibilities included in the service level agreements around the use of the property, repairs, insurance, reporting and cleaning responsibilities for the demised area. It is intended that most of the ongoing revenue costs will be contained within existing provision with the contribution from the commercial café lease and responsibilities taken on by any other users.
22. It is proposed that cleaning of the non-café areas, supply of consumables, maintenance and so on will be funded from the revenue receipt from the café lease.

## IMPLICATIONS

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|---|---|
| Finance                                 | The Committee is requested to consider and recommend to Finance & Democracy Committee, approval of a new fully funded addition to the Councils Capital Programme in 2021/22 in the sum of £200,000 to the 'North Beach Windsports Centre' scheme, to be met in full from the Capital Investment Reserve; and subject to approval by Finance & Democracy Committee, the committee is requested to authorise the drawdown expenditure of £200,000 in 2021/22 as detailed within the report. |
| Legal                                   | The procurement pathway for the building works has been discussed with the procurement team, and, subject to members' approval, is considered appropriate in the circumstances.   |
| Community Safety                        | None arising directly from this report.   |
| Human Rights and Equalities             | None arising directly from this report.   |
| Sustainability and Environmental Impact | None arising directly from this report.   |
| Health & Safety and Risk Management     | None arising directly from this report.   |

| LEAD AUTHOR    | CONTACT DETAILS   | DATE     |
|----------------|---|----------|
| Marie Percival | <a href="mailto:marie.percival@fylde.gov.uk">HYPERmailto:marie.percival@fylde.gov.uk</a><br><a href="mailto:marie.percival@fylde.gov.uk">marie.percival@fylde.gov.uk</a> & Tel 01253 658462 | 13/12/21 |

## BACKGROUND PAPERS

| Name of document | Date | Where available for inspection |
|------------------|------|--------------------------------|
| N/A              |      |                                |

### Attached documents

Appendix 1 – Briefing Note

Appendix 2 – Architect Proposals (a) Layout & (b) External Design

Appendix 3 – Costed Proposal