



Ryedale District Council

REPORT TO: Resources W P Amended for P&R 3 January 2008

DATE: 3 January 2008

REPORTING OFFICER: John Patten, Interim Chief Financial Officer

SUBJECT: Dry Sports Facility, Malton

WARDS AFFECTED: All

1.0 PURPOSE OF REPORT

To enable Members to make a decision on the future of this project.

2.0 RECOMMENDATIONS

- To agree to the provision and implementation of the Dry Sports Facility at Malton as outlined in the report based on a VFM design specification (option 1 or 2)
- To commission consultants selected from the OGC Framework to manage the project and prepare a design and tender documentation
- To waive standing orders for contracts to permit the selection of consultants as detailed above
- To raise about £600k in external grants prior to letting the contract

3.0 REASONS SUPPORTING DECISION

A long standing commitment by the authority to provide a central area Dry Sports Facility.

4.0 BACKGROUND

Members passed the following resolution at Council on 29 March 2007:

- (a) That external finance as funded by the operator not be further pursued with respect to the proposed sports facility.
- (b) That Members agree to the inclusion of a scheme within the Council's Capital Programme, funded by the Council (net of any capital contributions from other bodies) providing that it does not force the abandonment of some other significant part of the Capital Programme.
- (c) That all opportunities for private finance and external grant be explored, to enable funding of the overall Capital Programme.
- (d) That the action necessary to make arrangements for adequate financial planning as detailed in Section 7 of the report be agreed. This Council examines the cuts in

the budget that will be necessary before proceeding any further with the new sports facility. The Council finds and agrees a programme of reductions of approximately £300,000 a year.

(e) That Members authorise Officers to:

- finalise a design and build specification and cost estimate, the estimate to be capped at £4m
- reach agreement and guarantees with Malton School and NYCC with respect to capital and revenue funding
- seek external grants
- prepare a detailed project plan and timetable.

(f) That the provision of a new sports facility in Ryedale, as previously debated by Members, be further pursued with a view to implementation.

In addition WYG was commissioned to undertake a number of tasks including updating cost estimates and this report has been circulated to Members.

5.0 INTRODUCTION

This report addresses the issues raised at Council last March and includes the findings of WYG.

6.0 REPORT

Capital Costs

The project has been examined in detail by WYG to enable the cost estimates prepared by the previous consultants to be updated and also other schemes considered offering better value for money and previously designed. The revised cost of the 2005 proposal is now £3.661m and is detailed in the WYG report.

There are a number of design problems with the original scheme both practically and in value terms. Two alternative previously designed schemes have been costed by WYG. The lower cost option 1 and still based on Sports England criteria provide the same facilities excluding the climbing wall (but capable of adding later) and drop off facilities for the school.

The brief is therefore;

- Four pitch sports hall (climbing wall can be added later)
- Fitness suite room
- Dance/Multi room
- Toilets and Changing facilities
- Reception/administration facilities
- Storage
- Scheme to be designed to excellent BREEM standard

Regardless of scheme there will be a need to realign the footprint and revise opening hours and submit another outline plan for approval since the orientation is not satisfactory.

A detailed project timetable has been prepared and in summary work could commence in August next year with completion towards the end of 2009. The County Council have applied for consent to dispose of the land and Officers have agreed a peppercorn rent and 99 year lease. This still requires Executive approval. The covenant issue has been resolved.

The Customs and Excise have confirmed that VAT may be reclaimed on the build cost subject to the Council owning the building and/or letting to an operator at peppercorn rent.

The current OJEC competitive tender limit is £3.611m and therefore only option 1 and 1a come within this limit.

External Grants

Action has been taken on securing grants as follows,

- NYCC has been approached for a capital contribution as there are significant benefits to the school in providing a bus turning point and alternative safer drop off point as well as the facilities. They have proposed a 1% contribution to capital costs. This facility has there been excluded from the design brief additional options.
- There is the potential of £200k from Sports England towards the scheme.
- The Football Association can make a grant of £300k and it has been confirmed that the AWP would meet the criteria.
- It is known that there are other minor grants and donations which will accumulate to £100k (£40k already raised locally).

Revenue Costs

The report from Saunders Boston has been updated and known omissions now included such as cleaning, management and repairs. The detail is shown in Annex A with gross costs of £274k and net of £59k. Members should note that it will take 3 years to build up the income base so the running loss will be higher in years 1 & 2. Option 2 in the WYG report provides greater potential for earning income as this can be used for competitions. It would be possible to mix options 1 and 2 to just increase the height of the building and this has been included as option 1a.

School Use

Agreement on principle issues has been secured with NYCC in the form of outline Heads of Terms. The hours of use have been agreed and the basis of calculating the NYCC contribution (on current estimates this is the figure of £39k income in the revenue costs).

7.0 FINANCIAL IMPLICATIONS

The original capital programme had a figure of Council funding for this scheme amounting to £1.5m with £2m external finance. The full effect of this scheme and the overall programme is detailed in the report. A comparison of the cost options are as follows;

	SB	Option 1	Option 1a	Option 2
Construction	3,169	2,778	2880	3,010
Fees	255	223	232	243
Contingencies	238	208	216	226
Total	3,662	3,209	3328	3,479
Grants	600	600	600	600
Net Cost	3,062	2,609	2728	2,879
Net cost at 3 rd ¼ 2008	3,245	2,769	2,888	3,053

Grants are estimated from Sports England £200k, Football Association £300k, NYCC nil, Other Grants and Donations £100k.

The WYG report states that certain costs have been excluded e.g. planning and building control fees and equipment. Provision would need to be made for these costs, but they have not been worked up in detail. It is suggested a nominal figure of £100k be allocated pending further examination.

The Council received a report from me in August this year setting out a proposed medium term financial strategy. This took into account the borrowing requirements of the capital programme and running costs of schemes. It also addressed the need to find savings in costs in excess of the £300k agreed in March at Council.

The estimated capital costs in the WYG report and revenue costs detailed in Annex A come within the parameters of that P & R report outlined above i.e. have been provided in financial planning.

8.0 CONCLUSION

- The scheme comes within the financial planning parameters as detailed in the budget strategy agreed in August
- The principal issues with the County Council have been agreed
- Grants of at least £600k are being sought
- The requests from Council on 29 March have been met
- The next stage of the scheme, subject to approval is through the OCG Framework to select consultants to prepare a tender and act as supervisors for the building and commissioning of the new facility. It is suggested that three consultants be selected from the Government Framework Agreement and then appointed by the Resources Committee.

Background Papers: WYG report, 2005 Saunders Boston report, correspondence with NYCC, working papers

OFFICER CONTACT: Please contact John Patten, Interim Chief Financial Officer if you require any further information on the contents of this report. The Officer can be contacted at Ryedale House, Tel. 01653 600666 ext 214 or by e-mail; john.patten@ryedale.gov.uk.