

CABINET

8 APRIL 2014

ADDITIONS TO THE CAPITAL PROGRAMME

Portfolio Holder: Councillor Alan Jarrett, Finance

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Summary

This report sets out proposals to make additions to the Council's Capital Programme for 2014/2015.

1. Budgets and Policy Framework

1.1 In accordance with the Constitution, additions to the Capital Programme are a matter for Council, following recommendations from Cabinet.

2. Background

2.1 Council approved the Capital Programme 2014/2015 and beyond on 20 February 2014. Since then proposed additions to the programme for three key schemes have arisen, which would be funded by prudential borrowing.

2.2 These schemes are:-

- Strood Sports Centre refurbishment
- Crematorium improvement works
- Corn Exchange refurbishment.

2.3 Each of these schemes is considered in more detail below.

3. New Capital Schemes

3.1 *Strood Sports Centre*

3.1.1 In April 2013 a Gateway 1 report for the refurbishment of Strood Sports Centre was approved at Procurement Board and since the summer of 2013 a project team has been developing proposals for its redevelopment.

These proposals include:

- more than doubling the footprint of the existing fitness suite
- creating three new dance/aerobics studios
- creating a new cycle spin room
- redesigning the café and reception areas
- improving the visual appearance of the entrance and frontage.

- 3.1.2 This development will form part of a wider Council ambition to improve facilities in Strood, and is part of the Medway Sporting Legacy plan, launched in July 2013. Participation levels at the centre for 2013/2014 are circa 330,000, a figure that is likely to grow considerably upon completion of the redevelopment.
- 3.1.3 As a comparison, the participation levels at Medway Park have increased by 240,000 in two years since the completion of the refurbishment and improvement works carried out at that site from a figure of 540,000 in 2011 to 780,000 last year. The increased participation levels at Medway Park have also generated increased income, primarily through a rise in the number of memberships. It is on this basis that a 15-year Prudential Borrowing business plan underpinned the Gateway 1 report on Strood Sports Centre
- 3.1.4 When developing the programme, a key consideration has been the need to complete the new fitness suite area in time for January 2015. This is because the first three months of the calendar year generate the most income for new membership sign-ups.
- 3.1.5 In order to achieve this key date, the overall programme has been developed on a phased basis and a programme of enabling works are due to be carried out first. This will then allow for the main contract to be tendered while ensuring the centre remains open at all times with minimal impact on services. In addition, planning permission has been sought and approved for the improvements to the centre's entrance and frontage.
- 3.1.6 The main contract for the works, including the bulk of the project team fees, will be brought forward for approval when the tenders for the main contract have been received and analysed. At this stage, total costs of the project are anticipated to be £1.9m.
- 3.1.7 This report seeks authorisation to include £500,000 of the total anticipated project costs in the Council's capital programme. This sum will cover:
- enabling works (estimated cost £112,000)
 - Fixtures, Furniture and Equipment (estimated cost £300,000). This is being brought forward at this point to enable the full scoping of the fitness suite equipment, as the precise provision may impact on the final design of the fitness suite
 - Fees and surveys totalling £88,000 (a proportion of the total cost for this part of the works, representing works completed or required up to and including Gateway 3 approval).
- 3.1.8 The scheme will be financed through prudential borrowing funded by additional revenue generated by the enhanced facilities.

3.2 *Crematorium*

3.2.1 In response to national requirements for Mercury Abatement to be put in place at all crematoria, Cabinet approved a proposal to provide new cremators and mercury abatement equipment, and additional car parking space together with larger chapel accommodation at Medway Crematorium on 8 June 2010, and a specialist supplier of cremators was awarded a contract in April 2011. The Cabinet approved a further contract award for the improvements to the chapels and car parking at the Crematorium on 17 April 2012. That report also dealt with the procurement of principal contractors to oversee the installation of the cremators. The approved cost of the scheme is £2,724,938.

3.2.2 Works progressed well, but the specialist supplier of cremators unexpectedly entered into voluntary administration last summer, leaving the works incomplete. Further details are set out in the Exempt Appendix.

3.3 *Corn Exchange*

3.3.1 The Corn Exchange is a greatly appreciated asset within heritage Rochester and has the potential to become a very successful venue. In order for this to happen, the venue will need to capitalise on mid-week revenue generation through conferences and business meetings, and maintain the very high standards required by its core business of weddings and parties.

3.3.2 To enable this, there are works required to ensure the building is fit for purpose and presented as a well decorated and well maintained venue of quality.

3.3.3 A series of Improvement works are proposed, which will comprise:

- Installation of 'Wi-Fi'
- General refurbishment and redecoration-including carpets, lighting and colour scheme
- Improved PA system
- Presentation equipment
- Dedicated conference and exhibition promotional materials
- Improved lighting (including coloured lighting effects)

3.3.4 The breakdown of costs associated with these proposals envisaged not to exceed £100,000, and this would be met through Prudential Borrowing over a period of 5 years, funded from income from the facility.

4. **Risk Management**

4.1 Individual risk assessments will be carried out on any individual projects prior to their commencement.

5. Conclusions

- 5.1 This report requests that the schemes detailed above are incorporated into the approved capital programme.

6. Financial and Legal Implications

- 6.1 These are addressed in paragraph 3 above, with all additions being funded through prudential borrowing.
- 6.2 The Council has power to borrow money for any purposes relevant to its functions or the prudent management of its financial affairs by virtue of section 1 Local Government Act 2003.

7. Recommendation

- 7.1 That Cabinet recommends to Council the approval of the addition of Strood Sports Centre redevelopment to the capital programme with funding of £500,000 at this stage to be funded by prudential borrowing.
- 7.2 The Cabinet recommends to Council the approval of the additional prudential borrowing requirement of up to £475,000, so that the Crematorium improvement project can be completed.
- 7.3 The Cabinet recommends to Council the approval of the addition of the Corn Exchange Improvement programme to the Capital Programme with funding of £100,000 to be funded by Prudential Borrowing.

8. Suggested Reasons for Decision

- 8.1 Approval for these schemes will allow the Improvement programmes to be put in place, delivering high quality services for our customers.

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Background papers:

Cabinet Report *Gateway 1 Options Appraisal: Mercury Abatement and Improvements to Medway Crematorium* 8 June 2010

<http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=4878>

Cabinet Report *Gateway 3 Procurement Tender Process Review and Contract Award Report: Mercury Abatement and Improvements to Medway Crematorium – Cremator Works* 19 April 2011

<http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=7456>

Council Report *Capital and Revenue Budgets – 2014/2015* 20 February 2014

<http://democracy.medway.gov.uk/ieListDocuments.aspx?CId=122&MId=2778&Ver=4>