

**CAMBRIDGESHIRE OUTDOORS PROPERTY CAPITAL INVESTMENT**

**To:** Commercial and Investment Committee

**Meeting Date:** 21 February 2020

**From:** Steve Cox, Executive Director for Place and Economy

**Electoral division(s):** Alconbury & Kimbolton, Burwell, Sawtry and Stilton

**Forward Plan ref:** N/a                      **Key decision:** No

**Purpose:** Capital investment into property at the three Cambridgeshire Outdoor centres to fund essential repair, maintenance and reconstruction, facilitating the continued compliant operation of the centres.

**Recommendation:**

a) Support the Capital Programme Bid proposal of £940,000 for works at the three outdoor centres set out in Appendix 1 comprising of the following:

- £749,000 at Grafham Water;
- £139,000 at Stibbington Centre; and
- £52,000 at Burwell House

b) Support the submission of the Capital Programme Bid proposal to General Purposes Committee for decision.

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## **1. BACKGROUND**

- 1.1 On 12 July 2019, following an Outcome Focused Review (OFR) of the Cambridgeshire Outdoors service, Commercial and Investment Committee agreed that the three Cambridgeshire Outdoors Centres should continue to be operated by the council as part of its offer to Cambridgeshire's children and young people. The report explained that "short-term subsidies will be required in order to continue to deliver [...] positive outcomes for young people" (C&I Committee 12 July 2019, document pack p. 24), including investment to maintain buildings and retain the value of the assets (paragraph 2.11).
- 1.2 In November 2019, officers from the Property Facilities Maintenance Team visited each of the centres and assessed the sites to identify the maintenance and repair required. Cost estimates were further developed in collaboration with the Education Capital Programme Team. The total cost of works was estimated at approximately £907,000 (including a budget for contingency). The majority of this (£650,000) accounts for essential works at the Grafham Water Centre site.
- 1.3 Capital Programme Board approved a request for £907,000 funding on 17 January 2020, to be sourced from prudential borrowing. Of the total amount, £99,000 was approved immediately under the delegated authority of the Deputy Chief Executive. This portion of the funding relates to urgent investment without which the ability of the outdoors centres to operate and/or comply with health and safety and safeguarding regulations would be compromised in the immediate future. Commercial and Investment Committee are asked to scrutinise the remainder of the funding requested, which amounts to £807,607. A summary of this capital expenditure is provided in **Appendix 1**.
- 1.4 Capital Programme Board recommended that the programme of works be managed as part of the Education Capital Programme using the Minor Works Framework. This will give the centres access to experienced contractors, accustomed to performing works in schools and other educational establishments. We will seek to demonstrate value for money through a rigorous tender and procurement process, obtaining formal quotes from contractors on the framework. Working with the CCC specialist consultant, we will also evaluate and benchmark the tender costs against similar works carried out by contractors on the framework. By this method, it is hoped that the works can be delivered for less than the £807,000 being requested.

## **2. JUSTIFICATION**

- 2.1 The purpose of the investment recommended above is to carry out essential maintenance work that has been identified by the Property Team in collaboration with the staff of each Outdoors Centre. These are essential works, which are necessary for the following reasons:
  - 2.1.1 The cost of reactive maintenance is highly likely to increase in the near future if proactive investment is not made into properties – particularly with regards to the workshop at the Grafham Water Centre. Compliance with health and safety and safeguarding regulations already means that several buildings at the Grafham Water Centre are not fully operational. Accordingly, there is a high risk that the centres will be unable to offer some or all of the products which they currently provide to

customers if investment is not made into property at the centres. This would result in a significant loss of income and reputational damage.

2.1.2 Without investment there is a risk that some or all of the products each centre offers could be discontinued due to lack of facilities. In the financial year 2017–18, 23,727 participants visited the sites, the majority of whom will visit each centre only once during their educational career. Consequently, even a short suspension of operations could affect hundreds of pupils, thereby significantly reducing the social impact of the centres. The centres are currently each developing a commercial strategy, aimed increasing customer numbers and expanding income generation. Investment in property is important to the realisation of each strategy.

### **3. RISKS**

- 3.1 There is a risk that the programme of works cannot be accommodated without affecting the operation of the centres. This could lead to a loss of income for the centres and reputational damage. To mitigate this risk, the programme of works will be co-designed by the centre managers and the Capital Programme Team. Contractors on the Minor Works framework are accustomed to safely completing works on sites where children and young people are present, meaning that the risk of disruption to activities is reduced. Furthermore, it is currently anticipated that almost all of the works could be completed during the school holidays, when the core customers of Cambridgeshire Outdoors do not operate, minimising the risk of a loss of income. Additional resource will be provided by the Education Directorate to support centre managers and ensure accountability.
- 3.2 Likewise there is a risk that unforeseen costs lead to an increase in the investment required. To mitigate this risk, 8.5% of the budget has been allocated to contingency, and rigorous value engineering will be undertaken during the next stage of the project.
- 3.3 Unforeseen delays are a risk the project, potentially having implications on the ability of the centres to generate income, as discussed above. Asbestos surveys will be undertaken at the three centres, to ensure that the late detection of asbestos does not lead to delay. To further reduce the risk of delays, a design consultant has already been appointed to assist with the delivery of the most urgent works (consultancy costs are included within the overall figure as a routine part of the Minor Works programme).
- 3.4 As summarised in paragraph 5.1, prudential borrowing to cover the cost of this investment will result in a revenue budget pressure for the local authority in the financial year 2020–21, and a revenue cost in subsequent years. However, it is anticipated that some or all of this cost could be offset by a budget surplus generated by Cambridgeshire Outdoors in the future. It is anticipated that Cambridgeshire Outdoors will be in a position of budget surplus within the next five years. However, this is dependent upon the financial position of the service improving.

### **4. ALIGNMENT WITH CORPORATE PRIORITIES**

#### **4.1 A good quality of life for everyone**

There are no significant implications for this priority.

## 4.2 Thriving places for people to live

There are no significant implications for this priority.

## 4.3 The best start for Cambridgeshire's children

The following bullet points set out details of implications identified by officers:

- Prompt investment in the centres will enable Cambridgeshire Outdoors to continue to offer educational opportunities to pupils, especially at Key Stages 2, 3, and 4.

## 5. SIGNIFICANT IMPLICATIONS

### 5.1 Resource Implications

There is a capital cost of £808,000, to be funded from prudential borrowing. The annual cost of borrowing for this scheme will start in 2021–22 at £24,000, and decrease each year thereafter.

### 5.3 Statutory, Legal and Risk Implications

### 5.4 Equality and Diversity Implications

The works will increase access to the sites for service users with physical disabilities, for example by installing an access ramp at the Stibbington Centre and a chair lift at the Grafham Water Centre.

### 5.5 Engagement and Communications Implications

### 5.6 Localism and Local Member Involvement

### 5.7 Public Health Implications

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Name of Financial Officer: Tom Kelly
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	No Name of Officer:
Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law?	No Name of Legal Officer:
Have the equality and diversity implications been cleared by your Service Contact?	No Name of Officer:

<b>Have any engagement and communication implications been cleared by Communications?</b>	No Name of Officer:
<b>Have any localism and Local Member involvement issues been cleared by your Service Contact?</b>	No Name of Officer:
<b>Have any Public Health implications been cleared by Public Health</b>	No Name of Officer:

<b>Source Documents</b>	<b>Location</b>
<b>C&amp;I Committee papers 12 July 2019</b>	<a href="https://cambridgeshire.cmis.uk.com/ccclive/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1118/Committee/31/Default.aspx">https://cambridgeshire.cmis.uk.com/ccclive/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1118/Committee/31/Default.aspx</a>

## APPENDIX 1 - OVERVIEW OF WORKS

6.1 The costs are broken down as follows.

	2019–20 (£)	2020–21 (£)
Grafham Water Centre: workshop	0	440,461
Grafham Water Centre: other costs	33,879	175,500
<b>Grafham Water Centre total</b>	<b>33,879</b>	<b>615,961</b>
<b>Stibbington Centre</b>	<b>6,240</b>	<b>139,386</b>
<b>Burwell House</b>	<b>59,046</b>	<b>52,260</b>
<b>Total for three centres</b>	<b>99,165</b>	<b>807,607</b>

6.1.1 All costs have been agreed by Capital Programme Board. Those relating to the financial year 2019–20 have been approved under the delegated authority of the Deputy Chief Executive. Those relating to the financial year 2020–21 are subject to approval from General Purposes Committee.

6.2 The following paragraphs summarise the condition of the property at each of the Cambridgeshire Outdoors centres, and outlines the works recommended. The programme of works will be planned in collaboration with centre managers, to minimise disruption for customers and service users. Accordingly, the majority of works should take place during the school summer holiday.

6.2.1 The **Grafham Water Centre** is the largest of the three sites, and also has the most complex needs. The condition of much of the property at the centre has deteriorated in recent years, in several cases leading to a restricted use of buildings. The largest item of recommended expenditure (£440,000) for this site is related to the workshop building, where equipment such as boats, bicycles, climbing harnesses and wetsuits are stored. Both young people and staff regularly access this building to collect equipment and (in the case of staff) to perform maintenance on it. Property compliance officers advise that the building is nearing the end of its asset life, and that the roof and cladding require imminent replacement. Lately, staff have dealt reactively with health and safety issues connected to the building as they arise. This has resulted in significant additional expenditure for the centre. It is recommended that a feasibility study be conducted to determine the best value replacement for the workshop; the £440,000 cost estimated here will extend the life of the building for an additional fifty years. Further items of recommended expenditure at the Grafham Water Centre amount to approximately £176,000. This is primarily made up of repairs to roofs, doors, and ventilation in the residential block.

6.2.2 The **Stibbington Centre** consists of two buildings and surrounding grounds. Investment of £111,000 is recommended for the terrapin building, which contains residential space and a classroom. The terrapin building is a temporary structure which has served the site for over thirty years, and is subject to a planning review in 2023. In the next five years it is recommended that the building be replaced, but investment on a smaller scale in the next financial year will ensure that it remains compliant and operational while the financial position of the centre is secured. Additionally, investment of £28,000 is recommended in the day centre, a nineteenth century listed building.

6.2.3 The **Burwell House** site consists of an eighteenth-century house and several smaller modern buildings. It is in the best physical condition of the three centres. Investment of £52,000 is recommended to repair wear and tear to windows and roofs, install ventilation and conduct other small works in the house and office block.