



**LEE VALLEY REGIONAL PARK AUTHORITY**

**EXECUTIVE COMMITTEE**

**24 SEPTEMBER 2015 AT 10:30**

**Agenda Item No:**

**5**

**Report No:**

**E/415/15**

## **LEE VALLEY MARINA – SPRINGFIELD AMENITIES PROJECT**

Presented by the Director of Corporate Services

### **EXECUTIVE SUMMARY**

Following the fees and charges review process a step change increase of between 16% and 22% in mooring fees was agreed to apply from 1 April 2015. It was recognised at the time of setting these charges that investment in the Marina facilities was necessary to protect mooring occupancy levels and improve the overall customer experience and at the March Executive Committee Members approved the release of £207,000 from capital funds to demolish and rebuild the amenity blocks within the Marina. Following an open tender process costs have been identified at a maximum of £290,000.

The paper seeks Member approval to release an additional £83,000 to fund this proposal through the capital programme.

### **RECOMMENDATION**

Members Approve: (1) the release of an additional £83,000 from the Authority's capital funds for the Marina amenities project as outlined in paragraph 10 of this report.

### **BACKGROUND**

- 1 The step change increase in mooring fees provoked 14 formal complaints from customers in addition to a number of informal complaints direct to the Marina. In responding to complaints the Authority stated its intention to invest in the facilities at Springfield.
- 2 Condition surveys of the buildings are regularly carried out to inform the Asset Management capital programme. As a result of the condition survey the 1970's amenity buildings providing showers, WC, laundry and Elsan disposal facilities were identified as being in need of urgent attention and modernisation.
- 3 Officers worked with Pick Everard, property and construction industry consultants, to assess the refurbishment and rebuild options and provide budget costings resulting in a recommendation to demolish and rebuild the

amenity blocks at an estimated budget cost of £207,000.

- 6 At the March Executive Committee and following officers Feasibility Study, Members approved the release of £207,000 from the capital funds to demolish and rebuild the 1970's amenity blocks providing showers, WCs, Elsan disposal and laundry facilities (paper E/398/15).
- 7 Consultants Pick Everard and Architects Andris Berzins Associates were appointed to complete the detailed design and produce specification documents. During the detailed design process it was established that enhancements in the structure, roof and mechanical installation were required in addition to the original feasibility proposal, in order to provide a suitable installation complete with the latest energy efficient plant.
- 8 Officers undertook an open tender process to appoint a contractor resulting in 5 tenders being received with the lowest 2 tenders quoting a total cost of £290,000 (which includes a contingency of £22,500).
- 9 Due to the condition of the current facilities and in anticipation that works to demolish the amenity blocks were due to commence in September temporary facilities have recently been installed at Springfield Marina and will incur a monthly rental cost of £3,600.
- 10 Officers consider that the current amenity facilities have reached the end of their life span and recommend that the Authority continues to proceed with the project and this requires Members to approve the release of an additional £83,000 from capital funds.
- 11 Pending approval of the release of the additional capital funds officers will appoint a contractor and enter into a value engineering exercise with the contractor to identify budget savings that can be achieved without compromising quality.

#### **TIMESCALES**

- 12 Assuming approval the new amenity block will be completed by January 2016.

#### **ENVIRONMENTAL IMPLICATIONS**

- 13 The new amenity block will now offer a much improved energy efficiency following detailed design changes.

#### **FINANCIAL IMPLICATIONS**

- 14 The associated increase in income has already been built into the 2015/16 budget through the 16% uplift in mooring fees which is projected to achieve an additional income of £98,900. Officers consider this project necessary to demonstrate the Authority's commitment to investing in the facilities and maintaining current occupancy levels and thus protecting current revenue.
- 15 The table below sets out the capital and revenue costs/income related to this investment:

| Description                   | Original costing Demolish & Rebuild<br>£ | Additional Demolish & Rebuild<br>£ | Total Demolish & Rebuild<br>£ |
|-------------------------------|--|------------------------------------|-------------------------------|
| <b>Total Capital Cost</b>     | <b>207,000</b>                           | <b>83,000</b>                      | <b>290,000</b>                |
| <b>Revenue Cost</b>           |  |                                    |                               |
| Cost of capital @ 5%          | 10,400                                   | 4,100                              | 14,500                        |
| <b>Total Revenue Cost</b>     | <b>10,400</b>                            | <b>4,100</b>                       | <b>14,500</b>                 |
| <b>Increased mooring fees</b> | <b>98,900</b>                            |                                    | <b>98,900</b>                 |
| Payback period                | Within 3 years                           |                                    | 3 years and 1 month           |

- 16 It is true that some (if not all) the mooring fees may be achieved without this enhancement, but, there is also the risk that occupancy levels could fall, the number of complaints could increase, negative publicity and the requirement to enhance these amenities would arise in the near future anyway.
- 17 Officers have evaluated the proposal against the Prudential Code and the cost/benefit and financial implications are set out in the body of this report. The key areas are summarised below:
- **Affordability:** There is no additional impact on the levy.
  - **Prudence & Sustainability:** There is no need to borrow as this can be funded from within existing capital funds.
  - **Value For Money:** The other options available were set out in the body of the previous report (E/398/15) with their respective costs and benefits. The current proposal in this paper was seen as giving overall best value for money.
  - **Stewardship of Assets:** Failure to address this enhancement now will result in greater pressure on the asset maintenance programme going forward. A rebuild will address disability requirements, energy efficiency and improve the customer experience.
  - **Service Objectives:** Assists in the financial objectives of the Authority by reducing reliance on the levy through increased income and will provide improved customer satisfaction.
  - **Practicality:** Works towards achieving the business plan and contributes to becoming a premier destination.

#### **HUMAN RESOURCE IMPLICATIONS**

- 18 The project management and implementation will be carried out by a third party architect and contractors.

## LEGAL IMPLICATIONS

- 19 The Marina is now managed by Lee Valley Leisure Trust Limited as part of the Leisure Services Contract. The Authority remains responsible for carrying out these major works under the contract and has already obtained planning consent for the new amenity block.

## RISK MANAGEMENT IMPLICATIONS

- 20 Officers consider there is a risk of a drop in occupancy levels without investment in the Marina facilities. Any drop in occupancy would have a direct impact on the income received by the Lee Valley Leisure Trust. There have been significant numbers of complaints, including a collective complaint from the customer user group, highlighting the significant level of price increase without the associated improvement in facilities.
- 21 Normal contract risks exist during the construction and fit out works such as over spend on costs and will be mitigated through the project management arrangements and inclusion of an 8% contingency.
- 22 There is a significant risk of negative publicity for both the Authority and the Trust if Members decide not to proceed and continue with the investment to upgrade facilities as the Authority has repeatedly stated its intention to invest in facilities in responding to customer complaints regarding the price increase.

## EQUALITY IMPLICATIONS

- 23 The works detailed will improve access to the amenity facilities to meet Disability Discrimination Act requirements.

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## PREVIOUS COMMITTEE REPORTS

|                     |          |                               |               |
|---------------------|----------|-------------------------------|---------------|
| Executive Committee | E/378/14 | Fees and Charges Review       | 18 Dec 2014   |
| Executive Committee | E/398/15 | Springfield Amenities Project | 27 March 2015 |