



**REPORT TO  
PROJECTS AND PARTNERHIPS  
OVERVIEW AND SCRUTINY  
COMMITTEE**

**TO BE HELD ON  
23 JULY 2007**

		<b>Topic</b>	<b>Renaissance Investment Management Plan</b>
		<b>Task Group</b>	<b>N/A</b>
<b>Corporate Priority</b>	<b>Encouraging Economic Growth and Job Creation</b>	<b>Cabinet Portfolio Holder</b>	<b>N/A</b>

**REPORT OF: Strategic Director of Corporate Services – SDCS/07/55**

**WARDS AFFECTED: All**

**SUBJECT: RENAISSANCE INVESTMENT MANAGEMENT PLAN**

**REASON(S) REPORT REQUESTED:**

Regular monitoring report for information

**PURPOSE OF REPORT:**

To provide to Members of the Committee the latest position on the Renaissance Programme of Capital Schemes.

**RISK ISSUES:**

The principal risks relate to potential additional costs of projects.

**1. INTRODUCTION**

- 1.1 One of the key roles for this Committee is to ensure effective overview and scrutiny of the significant ongoing schemes in the Capital Programme. To date the Committee has concentrated its scrutiny on schemes covered by the Investment Management Plan (IMP). This covers all the renaissance schemes. These are the most significant ongoing schemes in the Capital programme, excepting annual expenditure on vehicles

and equipment and housing grants. This report provides a brief summary of progress, but members are reminded that they can request further more detailed information on any particular project.

- 1.2 Commencing in this year, there will also be considerable expenditure in two other major project areas in relation to Parks improvements at Royal Albert Park and Pannett Park (subject to external funding). These are supported by the Capital Development Fund, which is in essence a 10 year projection of capital resources and known commitments. These schemes will be included in future scrutiny reports as they develop, however there is no significant expenditure yet in either area. Another major capital scheme is in relation to recycling however this simply relates to the acquisition of new bins/vehicles, and as such is not an ongoing capital project
- 1.3 The Sands Development is not a scheme in the Council's capital programme as such, there being no capital financing requirement or creation of Council owned assets. Nevertheless, the project is of major importance to the objectives of the Council and the realisation of capital receipts on which future capital investment will depend. A progress report is therefore included from the Council's Project Manager. (A separate presentation on this scheme is also on the agenda for this meeting)
- 1.4 Members of the Committee are reminded that the Committee is able to scrutinise all Capital projects, and the Committee is able to determine the nature and format of these. The Committee focus should be on ensuring effective project management arrangements are in place, and the Committee may wish to consider specific projects identified in this report, or other projects, in terms of formulating its work programme.

## **2. CORPORATE OBJECTIVES AND THE COMMUNITY PLAN**

- 2.1 The development of the Renaissance Programme contributes to the priority of "*Encouraging Economic Growth and Job Creation*".

## **3. BACKGROUND AND ISSUES**

- 3.1 The financial position of the renaissance capital schemes is set out in the Attached Appendices, which also show an overall summary of financing for the major schemes, and identify levels of contingency.
- 3.2 The programme of schemes is extremely ambitious, and is clearly a considerable investment. This is not just in terms of financial input but also in relation to the involvement of officers within the Council across a wide range of areas.
- 3.3 The schemes are extremely complex and in the case of the Rotunda, Spa and Creative Industries Centre involve major works on very old and unique buildings where problems are not easily foreseen. The financial risk associated with this has been met, in part, by providing contingency sums within the original budgets but also by providing a general contingency in the form of the Capital Contingency Reserve (this currently stands at just over £700,000). The schemes do involve a significant amount of external funding but any additional costs are almost certain to have to be met solely by the Council. This increases the financial impact of any overspend due to

a gearing impact – a 10% overspend on the schemes could result in the Council contribution increasing by approximately 50%.

- 3.4 The budgets for the CIC Phases 1&2 and Spa Building Refurbishment have been increased by £300,000 and £119,000 respectively, from the Capital Contingency Reserve, following the recent Capital Strategy report to Cabinet and Council (SDCS/07/38).
- 3.5 The technical enhancement part of the Spa scheme and the Inner Harbour pontoons part of the Sandside development have been completed since the last report. Installation of the Inner Harbour pontoons was completed below the original £500,000 budget allocated to it within the overall Sandside budget, so the 'saving' of £14,000 has been transferred to the environmental works budget. This scheme is nearing completion, but as indicated in the report, is estimated to exceed the remaining budget by £32,000.

### 3.6 Individual Schemes Progress

- **Rotunda**

Building works to the external fabric are complete and internal works should be complete by early October. Landscaping works commenced on 4 June with anticipated completion in February 2008. Exhibition tenders are being sought. There is a risk of these exceeding the budget due to the buoyant construction market.

- **Spa Refurbishment and Technical Enhancement**

The main contract for refurbishment and enhancement has been completed. There remains work to complete the reception refurbishment that cannot be done until 2008 after the balcony ceiling is replaced. The requirement for a replacement servery along with additional costs to budgeted works due to unforeseen conditions required a draw from the Contingency Reserve of £130,000 in total. Defects were also uncovered during works that necessitated emergency repair work and will require the replacement of the balcony ceiling. These additional repair works are estimated to cost up to £341,000 in total, but will be met from funds allocated in the Financial Strategy for Asset Management. A report on this issue will be presented to Cabinet in the near future.

- **Sandside/Pontoons**

The scheduled works to the Sandside are now complete and only remedial and snagging works remain. Previously unforeseen works to install some pin kerbs and further paving outside one of the private forecourts will be carried out in October 2007.

A project overspend of £32,000 (£46,000 less £14,000 transferred from Pontoons Budget) is projected in order to achieve satisfactory completion of the works. A further contingency of £5,000 is advised. The overspend is a result of amendments to the original specifications and additional works in order to overcome issues not identified in the original contract (for instance, a change in the specification for the concrete under the paving slabs and to the lighting column foundations).

- **Creative Industries Centre**

The budget for the CIC Phases 3 & 4 has been added since the previous report, following Cabinet approval of the scheme and acceptance of funding from Yorkshire Forward, and the additional £300,000 approved by Council in July.

The scheme is now progressing well following earlier delays. The external envelope has been constructed, internal blockwork walls been constructed and the roof is watertight. Stripping out of phase 2 has now been completed and works to drainage are ongoing. Design work on Phases 3 and 4 has commenced.

Numerous change requests made by the CIC Trust and SM Trust are being resolved using a change control system. The IT fit out specifications are yet to be agreed with the CIC Trust. The CIC Trust also need to progress marketing and letting to secure future tenants.

- **Business Park**

The developers have paid their percentage of cost into our account. Contractors started on site on 28 May 2007. Negotiations with the Highways Agency are progressing and work on the A64 roundabout is due to commence in October 2007. The sums included in the contract for the roundabout have yet to be finalised. However, the project is on target and costs currently within budget.

- **Whitby Harbour**

The pontoons have been installed but a further £70,000 is required to complete the pontoon access bridge and service connections. Tenders for the main contract (environmental improvements and building works) were received in March 2007 from four contractors. A reported previously the tenders exceeded available budget, and have been subject to further contract negotiations. The outcome of these is expected to be reported to members in the very near future.

- **Green Lane Neighbourhood Centre**

The tenders for the new build have been received but have come in over budget. A value engineering exercise is being undertaken and other funding is also being sought to cover the costs of environmental heating. The demolition of the existing building has been completed.

- **Sands**

Phase 1A (Apartments) commenced in May. The project is set back three weeks due to problems in pile drilling, but this is not seen as a significant risk. A number of planning applications will be submitted in coming months. A revised planning application regarding the electrical sub station will be considered by Planning Committee on 26 July. If this is not approved there is likely to be a significant delay.

Significant progress has been made on the upgrade of the Chalets, including construction of new chalets.

#### **4. ASSESSMENT**

- 4.1 While work has progressed well on a number of projects, there are pressures on the budgets of a number of schemes. Overall, taking the individual scheme contingency together with the Corporate Contingency it is considered that there is adequate budgetary provision at present. However, significant contract negotiations continue in relation to Whitby Marina. It will be important that the Council's corporate contingency reserve is maintained at a significant level to mitigate these risks.
- 4.2 Members of the Committee should consider how they can become more actively involved in some of the projects, and consider requesting specific reports on individual schemes.

#### **5. IMPLICATIONS**

- 5.1 There are no specific implications arising from this report.

#### **6. RECOMMENDATIONS**

- 6.1 It is recommended that:-
- (i) the report be received; and
  - (ii) the Committee consider whether there are any specific issues they would wish to be reported in more detail at a future meeting.



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**Background Papers:**

Various reports to Cabinet on individual schemes.

IF YOU HAVE ANY QUERIES ABOUT THIS REPORT OR WISH TO INSPECT ANY OF THE BACKGROUND PAPERS, PLEASE CONTACT DEBBIE CROSSLEY 01723 232342  
e-mail [debbie.crossley@scarborough.gov.uk](mailto:debbie.crossley@scarborough.gov.uk)

## Appendix 1

<b>Renaissance Investment Management Plan</b>					
	<b>2004/05</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>Total</b>
	£000s	£000s	£000s	£000s	£000s
<b>On-going schemes</b>					
<b><u>Rotunda Museum</u></b>		403	781	2,716	3,900
SMT Fundraising		(133)	(242)	(805)	(1,180)
Heritage Lottery Fund		(120)	(397)	(1,466)	(1,983)
European Structural Funds			(142)	(364)	(506)
SBC Contingency Reserve				(81)	(81)
LSVT commitment		150	0	0	150
<b><u>Spa Building Refurbishment</u></b>	62	648	1,329	113	2,152
SBC Property Fund	(54)	(320)	(126)		(500)
Invest to Save			(50)		(50)
Temporary Borrowing			(17)	17	0
SBC Contingency Reserve				(119)	(119)
LSVT commitment	8	328	1,136	11	1,483
<b><u>Sandside - Environmental Improvements</u></b>		5	1,283	1,041	2,329
Yorkshire Forward			(881)	(490)	(1,371)
European Structural Funds		0	(215)	(85)	(300)
LSVT commitment		5	187	466	658
<b><u>Creative Industries Centre Phase 1&amp;2</u></b>		225	1,967	2,908	5,100
Yorkshire Forward		(197)	(1,191)	(812)	(2,200)
European Structural Funds			(776)	(924)	(1,700)
SBC Contingency Reserve				(300)	(300)
LSVT commitment		28	0	872	900
<b><u>Creative Industries Centre Phase 3</u></b>				850	850
Yorkshire Forward				(850)	(850)
LSVT commitment				0	0
<b><u>Scarborough Business Park</u></b>		34	450	9,142	9,626
Yorkshire Forward		(25)	(49)	(626)	(700)
European Structural Funds			(321)	(3,522)	(3,843)
Developers Contribution				(4,813)	(4,813)
LSVT commitment		9	80	181	270
<b><u>Whitby Upper Harbour</u></b>		14	587	2,178	2,779
Yorkshire Forward			(356)	(316)	(672)
European Structural Funds			(231)	(576)	(807)
LSVT commitment		14	0	1,286	1,300
<b><u>Green Lane Neighbourhood Centre</u></b>			60	1,287	1,387
NYCC (Local Investment Plan)				(212)	(212)
Yorkshire Forward			(30)	(452)	(482)
European Structural Funds			(30)	(663)	(693)
LSVT commitment		0	0	0	0

	2004/05	2005/06	2006/07	2007/08	Total
	£000s	£000s	£000s	£000s	£000s
<b>Completed Schemes</b>					
<b>Cultural Quarter (Feasibility Study)</b>		30			30
Yorkshire Forward		(30)			(30)
LSVT commitment		0			0
<b>On shore facilities feasibility</b>		1	4		5
LSVT commitment		1	4		5
<b>Futurist</b>					
Flats purchase	285				285
Flats Demolition		46			46
Yorkshire Forward	0	(40)			(40)
Temporary Borrowing		(1)	1		0
SBC Contingency Fund			(1)		(1)
LSVT commitment	285	5			290
<b>Spa Technical Enhancement</b>			1,603	20	1,623
Yorkshire Forward			(609)	(12)	(621)
European Structural Funds			(588)	(8)	(596)
LSVT commitment			406	0	406
<b>Sandside Inner Harbour Pontoons</b>	2	34	448	2	486
Yorkshire Forward	(2)	(26)	(335)	(2)	(365)
LSVT commitment	0	8	113	0	121

<b>Capital Summary</b>	2004/05	2005/06	2006/07	2007/08	Total
	£000s	£000s	£000s	£000s	£000s
Total Capital Expenditure	349	1,440	8,512	20,297	30,598
<i>Financed by:</i>					
SMT Fundraising		(133)	(242)	(805)	(1,180)
Business Park Developers			0	(4,813)	(4,813)
NYCC	0	0	0	(212)	(212)
Heritage Lottery Fund		(120)	(397)	(1,466)	(1,983)
Yorkshire Forward	(2)	(318)	(3,451)	(3,560)	(7,331)
European Structural Funds	0	0	(2,303)	(6,142)	(8,445)
SBC Property Fund	(54)	(320)	(126)		(500)
Invest to Save			(50)		(50)
Temporary Borrowing		(1)	(16)	17	0
SBC Contingency Reserve	0	0	(1)	(500)	(501)
LSVT commitment	293	548	1,926	2,776	5,583

<b>LSVT Summary</b>	Total
LSVT receipts	10,281
Renaissance commitment (note 1)	(5,665)
Remainder (note 1)	4,616

(1) The Renaissance commitment from LSVT resources exceeds the capital commitment by £82,000, this amount being committed to support revenue expenditure relating to the Rotunda, CIC, and West Pier feasibility study. The remaining LSVT sum is committed to the Capital Development Fund.



**PROJECTS & PROCUREMENT UNIT**  
**MONTHLY PROGRESS UPDATE ON KEY PROJECTS**

**PROJECT NAME: SPA REFURBISHMENT AND TECHNICAL ENHANCEMENT**

Date of Report: 11<sup>th</sup> July 2007      Project Manager: Derek Double

**COSTS**

<u>Approved Budget:</u>	£3,785,450		
Spend to date:	£3,751,450 (99%)		
Forecast remaining spend	£34,000		
Forecast outturn	£3,785,450	Contingency remaining:	£0

Confirmed funding:

Refurbishment		
	- Scarborough BC IMP	£1,482,000
	- Property Repair Fund	£500,000
	- Invest to Save	£50,000
	- Capital Contingency Reserve	£130,000
Enhancement		
	- Scarborough BC IMP	£406,000
	- Yorkshire Forward	£621,000
	- ERDF	<u>£596,000</u>
		£3,785,000

**PROGRAMME**

Procurement Route:	European Notice
Actual Start Date:	Phase 1 – July 2006
	Phase 2 – September 2006
Completion Date:	Phase 1 – September 2006
	Phase 2 – March 2007

Scheme Progression

The main contract for the refurbishment and enhancement has been completed. There remains work to complete the reception refurbishment that cannot be done until 2008 after the balcony ceiling is replaced.

The requirement for a replacement servery along with additional costs to budgeted works due to unforeseen conditions, required a draw from the Contingency Reserve of £130,000 in total. Defects were also uncovered during works that necessitated emergency repair work and will require the replacement of the balcony ceiling. These additional repair works are estimated to cost up to £341,000 in total but will be met from funds allocated in the Financial Strategy for Asset Management.

Risk

That the completion of the reception refurbishment will be at increased cost. An exemption from tender requirements enabling the existing contractor to complete the works is likely to be sought if best value can be demonstrated.





**PROJECTS & PROCUREMENT UNIT**  
**MONTHLY PROGRESS UPDATE ON KEY PROJECTS**

**PROJECT NAME:**                      **BUSINESS PARK**

Date of Report:                      11 July 2007                      Project Manager:                      Doug Kendall  
Project Sponsor:                      Ray Williamson

**COSTS**

<u>Approved Budget:</u>	£9,626,000	<u>Contingency at Approval:</u>	£400,000
<u>Spend to date:</u>	£946,442 (10.1%)		
<u>Forecast remaining spend</u>	<u>£8,679,558</u>		
<u>Forecast outturn</u>	£9,626,000	<u>Contingency remaining:</u>	£286,136

<u>Confirmed funding:</u>	Scarborough Borough Council	£ 270,000
	Yorkshire Forward	£ 700,000
	Developers	£ 4,813,000
	ERDF	£3,843,000
		<hr/>
		£ 9,626,000

**Anticipated saving: £8,012**

(based on remaining contingency and SBC proportion of cost)

**PROGRAMME**

Procurement Route: OGC framework for Consultants (White Young Green)  
European open tender procurement for main tenderers

Actual Start Date:                      May 2007  
Completion date anticipated at start of works:                      April 2008  
Current forecast completion date:                      December 2007

**Scheme Progression**

The development agreement has been signed and all funding approvals received. The reserved matters planning application has been approved and the new fence and site clearance completed. We have now resolved all outstanding matters with our partners and Caddick's have paid the required percentage of costs in to our account.

The contractors are now on site and works commenced on 28<sup>th</sup> May 2007. Negotiations with the Highways Agency are progressing and work on the A64 roundabout is due to commence in October 2007.

**Risks**

Cost overruns on the construction contract and finalisations of the PC sums included for the A64 roundabout and the Cayton Low Road, Dunslow Road junction. Poor ground conditions and flooding after heavy rain.

**Issues to Note**

The project is on target and costs are currently running below budget.





