

Report to: **Cabinet**

Date of Meeting 6 January 2021

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A



Cranbrook Sport Pavilion Delivery

Report summary:

This report provides members with an update to the Cabinet report that was considered on the 27 November 2019 where it was resolved that:

1. “East Devon District Council take the transfer of a plot of serviced land at the Ingram’s sports hub in Cranbrook and procure and project manage the delivery of a sports pavilion at the sports hub (to a design to be agreed with Cranbrook Town Council) using identified Section 106 monies and external funding”
2. “Delegated authority be given to the Deputy Chief Executive, in consultation with the Strategic Leads for Governance and Licensing and Finance, to carry out appropriate due diligence, agree satisfactory heads of terms with relevant parties, secure external funding and thereafter to progress the transfer of the land, delivery of the project and transfer of the completed sports pavilion to Cranbrook Town Council, upon practical completion of the building”.

Over the past 12 months East Devon District Council have undertaken the due diligence promised within the 2019 report and identified two funding challenges. Firstly that the monies that are proposed by the developer consortium in lieu of their onsite obligations are lower than could be expected and that the costs of delivering the 6 changing room pavilion building that was aspired to, have increased. This leaves a gap in funding.

As explored in more detail within the main report below two options result – that which passes the responsibility for delivering the basic changing room building back to the developer consortium (and for either the Town Council or this Council to then try to rework and extend that building with the remaining monies) or for this Council to press on and deliver a building which is of an appropriate size and specification to meet the requirements of the various sports governing bodies (whilst still maintaining the provision of a function room) but recognising that the final building may be smaller than that which was originally hoped for.

Recommendation:

1. That Cabinet considers the current position in terms of the delivery of the Sports Pavilion, the position of Cranbrook Town Council, and reaffirms this Council’s commitment to the two decisions that were previously made on 27th November 2019, whilst recognising that cost savings will need to be found within the project to ensure that it remains within the available budget.
2. That Cabinet resolves to adopt either Option One or Option Two as set out in this report and confirms the delegated authority as set out in the decision made on 27th November 2019, recognising that the delegated authority previously exercised by the Deputy Chief Executive is now exercisable by the Chief Executive. Members may also wish to add

consultation with the Portfolio Holder Economy and Assets and/or Ward Members into this recommendation.

Reason for recommendations:

East Devon District Council remain best placed to bring together a number of different funding streams and to coordinate and manage the final design procurement and delivery. This also represents a more sustainable and cost effective approach to delivery rather than leave the delivery of an unsuitable building to the developer consortium with the subsequent requirements to reorder and rework the building to meet the requirements of the sports governing bodies.

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Portfolio(s) (check which apply):

- Climate Action
- Corporate Services and COVID-19 Response and Recovery
- Democracy and Transparency
- Economy and Assets
- Coast, Country and Environment
- Finance
- Strategic Planning
- Sustainable Homes and Communities

Financial implications:

Financial details are included in the report.

Legal implications:

Legal services will work with fellow Officers to ensure that all due diligence, procurement requirements etc. are delivered appropriately and will deal with taking the transfer of land at the appropriate time and on the appropriate terms.

Equalities impact Low Impact

To meet the FA, ECB and Sport England requirements adequate provision must be given to accessibility to the new building (and rooms inside) as well as in making suitable provision and separate changing and toilet facilities for both men and women, teams and officials.

Climate change Low Impact

Risk: Low Risk; The delivery of the building is secured through Section 106 and external funding and as such there should be no financial burden placed on the Council, other than in Officer time. Construction cost risks and overspend can be managed through the type of contract that is secured with a manufacturer/building company. The liability that the Council would hold, would be time limited to that period between receipt of land and the practical completion of the building. In the event that the Town Council failed to take on responsibility for the building at the Practical Completion stage, previous assessments indicate that it is ultimately an asset which the District Council could, if necessary, retain and manage as a profitable proposition. Even with the possible reduction in size it is not considered that his position would alter significantly.

Links to background information [Cabinet Report 27 November 2019](#) (Item 95)

Link to [Council Plan](#):

Priorities (check which apply)

- Outstanding Place and Environment
 - Outstanding Homes and Communities
 - Outstanding Economic Growth, Productivity, and Prosperity
 - Outstanding Council and Council Services
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Report in full

Background

The Sports hub at Cranbrook (known as Ingrams) was conceived in 2014 when an application was submitted to the District Council which brought together and co-located the new town's cricket and football requirements.

Since May 2019 the sports fields which were approved through that application have been in use at the hub. This has finally allowed the playing of football and other field related sports activities within the town and is an important milestone.

The cricket square which also forms part of the hub has also been laid and was also available for use from summer 2019.

However as part of the 2014 application, a design and layout for a changing room building was also approved. This met the requirements of the previously signed Section 106 agreement which accompanies the outline planning permission at Cranbrook.

The developers are now in a position to deliver the changing room building in accordance with the 2014 permission which remains extant but the size and specification of that building, whilst meeting historic obligations, is not appropriate for today's needs.

To address this an alternative delivery mechanism was proposed and agreed through Cabinet in November 2019. This involved the developers providing a monetary contribution in lieu of their development obligation which this Council would then join with other funding secured through Cranbrook section 106 receipts and external grant funding, and deliver an enhanced pavilion and changing room building, ensuring that up to 6 changing rooms of an appropriate size and specification together with a function room and or family room were provided. This would bring the facility in-line with the standards of the relevant sports governing bodies and in the case of the function room/family room provide a lettable space and bar area to enable it to form a wider community facility and generate an income to fund its long term maintenance.

Since the November 2019 Cabinet meeting where it was resolved that East Devon District Council would be prepared to receive the transfer of serviced land and procure a sports pavilion at the Cranbrook Sports hub, detailed work has been undertaken on the costs for the delivery of the building as well as the value of the asset that the developer consortium are obliged to provide and for which they are willing to offer a financial sum as an alternative.

Costs for these two buildings have been obtained by the Council from independent cost consultants who set out that for the "full" pavilion building, these are higher than the Consortium had indicated to us but also that the value of the work to deliver the basic changing room building is also higher than the Consortium are offering. Work around these two related issues held up the signing of a Deed of variation that would have fixed the receipts that East Devon receive and the route for delivery. At this point in time it is necessary that members are re-appraised of the current situation and the options available.

Option 1

East Devon District Council to require the developer consortium at Cranbrook to build out the basic changing room pavilion that they are currently under obligation to do and for which they already have planning permission. Enlargement of this facility to bring it up to appropriate specification could then follow with the works being procured either by East Devon District Council or Cranbrook Town Council.

This option would ensure that the consortium carried all the liabilities and risks associated with delivering the basic changing room pavilion including the car park and initial ground works. While parts of this option appear attractive, the previous cabinet report at paragraph 1.6 set out that the changing rooms, which would be constructed, fail to meet the requirements of the sports governing bodies noting that:

“While measuring 22m x 11.6m and delivering 4 changing rooms the facility:

- Fails to meet the England and Wales Cricket Board (ECB) requirements for changing room and pavilion requirements
- Is inadequate for football failing to meet current minimum standards (although can be used for entry level leagues)
- Would continue to be an asset drain for Cranbrook Town Council having little or no income generating potential.”

To add some extra detail to these general short-comings it is important to recognise that the current design fails for the following reasons:

- Lack of individual shower cubicles
- Lack of child protection privacy screens/vestibules between the corridors and changing area (there would be direct lines of sight into the changing areas when the doors are open)
- The changing areas are too small currently at 13m² whereas football require 16m² and cricket require 20m²
- There is no plant room identified/provided
- No external toilets for visitors/spectators meaning that they would have to pass through the changing areas with all the safeguarding risks that this brings with it.

In receiving this as an asset there would as a result be significant remedial works that either Local Authority would be required to undertake before actual enlargement could be considered. This option, while negating the upfront risks would therefore carry high remedial costs which would result in a waste of money and fail to achieve or make best use of the limited funding opportunities that are available for the project outside of the developer provided finance.

Option 2

East Devon District Council to reaffirm its previous commitment to the project, take transfer of the land and to procure and project manage the delivery of the pavilion - delivering the most appropriate building that it can with the monies that are available whilst recognising that this may be smaller than was previously envisaged – targeting 4 rather 6 changing rooms and a single family/meeting room.

To start this option would require East Devon District Council to finalise a value for the works that would otherwise fall to the developers. Based on the independent assessment of the costs, the value that is being offered is still some way short of the likely cost that would be incurred by the Council were it to deliver the same building. However in recognising this headline shortfall, it doesn't capture the cost saving and buying power of the developers which somewhat reduces the apparent shortfall. In addition the Developer consortium have also indicated that our costs are higher due to an increased specification, greater preliminary costs and a substantial contingency

and it is recognised that some savings could potentially be made in these areas albeit not to the extent indicated by the consortium.

Negotiations are essentially at an end and following a recent increase in the offer by the developers of up to £90,000 (yet to be finalised), it is considered that while still adrift, the remaining gap cannot be closed further. The residual shortfall would therefore be reduced but remain in the order of £300,000 or 32% of possible costs and is something that must be weighed in the balance when deciding between the two options.

This option also results in the community at large carrying the up-front risk that is associated with any project delivery – particularly in terms of the liability of land holding and the potential for cost over-run which could ultimately see the building having to be value engineered to bring it back within budget.

However the option brings with it the scenario that the building can be designed to meet all required specifications from the outset. This alone makes for a range of cost savings where reworking and retrofitting would otherwise be problematic and costly. While any Local Authority won't have the buying power of a large developer, to undertake the project as a single entity has the benefits of only incurring a single set of development costs which would otherwise be duplicated were this to be undertaken as a two staged approach with two different development teams. As a result this option is favoured.

Cranbrook Town Council

At a meeting on the 19 October 2020, Cranbrook Town Council resolved the following:

- a) request that the East Devon New Community Partners deliver their Section 106 obligation for four changing rooms plus car park and associated landscaping at the Ingrams site, in the absence of East Devon District Council being able to reach an agreement with them.
- b) request that the remaining monies relating to the Country Park Resource Centre, the provision of youth play areas, the public art contribution as well as the Sport England contribution be transferred to the Town Council so that the Town Council can deliver the extension of the four changing rooms into a pavilion.
- c) enter into negotiations with the East Devon New Community Partners to either jointly deliver the entire building at the same time or design the changing rooms in a way which would facilitate the extension of the facility in a cost efficient manner in the future.

Items “a” and “b” are essentially option 1 and therefore it is clear that the Town Council favour this approach. For the reasons set out above, Officers are not of the opinion that this is the most appropriate option because of the level of disparity between the consented scheme and the current requirements of the sport's governing bodies.

In respect of item c – effectively a hybrid approach - the District Council has already explored a range of delivery options with the Developer Consortium but none of these could be made to work successfully for all sides. The Consortium has consistently been clear that they have already incurred significant design costs which have proved abortive and they are not willing to engage in further revision. In addition certainty for Sport England as a key funder is also important and there will need to be a clear and transparent approach to costs and a requirement that the facility meets the needs of the sport's governing bodies to enable us to secure the available funding. The approach advocated through item c risks bringing more uncertainty to a project that is urgently needed with a high likelihood of a circular argument that goes back to items a and b with all the difficulties that these present.

Overall it is considered that East Devon District Council is better placed to have oversight of the different funding streams that would come to play for this project - including the anticipated grant from Sport England which itself arises from a bid made by this Council. Further East Devon has a range of skills and experience in delivering such projects that could more easily be deployed were it to retain control of the project. At this stage it is considered that if East Devon District Council were to leave the project up to the developer consortium and possible negotiation between them and the own Council it would present an abdication of our duty and responsibility given the greater resources and experience that we have.