

---

**CAPITAL PROGRAMME 2005/06 – RELEASE OF FUNDS FOR  
DOLPHIN CENTRE REFURBISHMENT**

---

**Responsible Cabinet Member(s) - Councillor Lee Vasey, Leisure Services Portfolio**

**Responsible Director(s) - Cliff Brown, Director of Community Services**

---

**Purpose of Report**

1. To seek approval to release capital monies approved in the 2005/06 Capital Programme for the Dolphin Centre refurbishment, having regard to a revised cost for the proposed scheme.

**Background Information**

2. At the Council meeting on 10 March 2005, the Council considered the Capital Medium Term Financial Plan and the Capital Programme, including Corporate Management Team's recommendation of corporately funded scheme. This included a proposal to refurbish the Dolphin Centre (see **Appendix 1**).
3. Since the report was submitted, further work to develop the project has been undertaken prior to seeking release of funds to firm up the estimated project cost, project timetable and tendering arrangements. This report provides details of amendments to the original cost plan for members to consider prior to release of the capital monies required to undertake the project.

**Information and Analysis**

4. In progressing the project, consultants have undertaken detailed design work and a revised cost plan has been produced, which has increased the original budget estimate for tendering purposes. The main reasons for the increased costs between the original cost plan and the current cost plan are:-
  - In trying to keep the Dolphin Centre open to the public for the maximum possible time, the programme is longer and more costly.
  - Fees - The consultants omitted fees of 10% (£385K) for the project.
  - Inflation - The construction market is experiencing capacity issues which are having an impact on costs and consultants advise that a considerable allowance for inflation at 18% (£643K) based upon the original cost plan, be allowed for the period from the original estimate to work commencing later this year.
  - Contingencies and Design Risk - As the work is being undertaken in an existing building, there is the potential for unforeseen problems. While the original cost plan included a 5% sum for contingencies, it is now recommended that a separate sum of £422K be included.

- Increased costs for associated works required to comply with the Disability Discrimination Act (DDA) in areas such as increased passenger lift and toilet provisions (£144k).
- Further considerations of outline details of the scheme have enabled us to reduce the specification by £107K, which can be offset against the increases.

### **Financial Considerations**

5. Having regard to these factors, the revised cost plan, which would be used for tendering purposes and evaluation, is a total project cost of £5,037,000. Taking account of the funding already agreed at £3,550,000 there is a balance of £1,487,000 additional costs that would need funding from Prudential Borrowing, if this project is to proceed on the scale originally envisaged.
6. In terms of how this might be financed, the Business Plan from the original report has been revisited. The financial projection for Year 2 and beyond anticipates an annual surplus of £355,200 to £590,950. Of this surplus, using borrowing costs over 25 years, £180,000 pa was required to fund the original cost of the works leaving a balance of between £175,200 and £410,950 pa. Further to this it was agreed in the last budget round that from 2006/07 onwards £150k would be returned to corporate balances from Community Services MTFP, leaving a balance of between £25,200 and £260,950.
7. The cost of borrowing the additional £1.487m of additional costs is £96,000 pa. Having regard to the additional borrowing costs, based on the Business Plan, the projected annual outturn would range from a deficit of £70,800 to a surplus of £164,500. In the event that the most pessimistic outcome of the Business Plan is a reality, resulting in a deficit of £70,800, it is anticipated that this can be accommodated in the overall MTFP for Community Services. It must also be noted even the most pessimistic outcome of £70,800 for Community Services is actually an overall surplus for the Council of £79,200 taking into account the £150k transfer back to corporate balances.

### **Relocation of Existing Tenants**

8. The original feasibility proposal indicated that the scope of the works would necessitate the potential relocation of DAD and Shopmobility. This has now been further explored and it has been determined that no alternative premises within the Town Centre are currently available. The project has therefore been revised to accommodate a reconfiguration of DAD and Shopmobility.
9. If DAD/Shopmobility remain in the Dolphin Centre, the rental income previously excluded from the original business plan of £15,000 and an allowance for potential compensation payments of £24,750 can be reinstated and contribute positively in the revised annual outturn identified in paragraph 6, effectively improving the business plan projection.

## **Risk Assessments**

10. The original report covered the need to undertake these works and the risk involved. However, the original Business Plan was based on conservative estimates of savings and income. Given the size of the overall Dolphin Centre budget, it is still considered that the risk is still reasonable and that the additional costs within the current cost plan will be manageable and that the possibility of a deficit, while unlikely to occur, can be accommodated in the department's overall MTFP. The revised costings would still be subject to a full tendering exercise, which may show some reduction/increase in the anticipated costs. Depending on the outcome of tendering, the position may need to be reviewed but at this stage consultants have been advised that the project cost is capped at this revised sum.
11. The workscope for mechanical and electrical elements of the building include for renewal where necessary, but where plant, wiring, etc is in reasonable or good condition, refurbishment is proposed, providing an anticipated life of 10 to 12 years.
12. A copy of the risk assessment for the Business Plan is attached as **Appendix 2**.

## **Outcome of Consultation**

13. The current proposals have been based upon consultation and feedback from users and user groups over a lengthy period of time to inform the design proposals. Now that the scheme has been finalised, subject to approval, further consultation will take place prior to works commencing with interested groups.

## **Legal Implications**

14. This report has been considered by the Borough Solicitor for legal implications in accordance with the Council's approved procedures. There are no issues which the Borough Solicitor considers need to be brought to the specific attention of Members, other than those highlighted in the report.

## **Section 17 of the Crime and Disorder Act 1998**

15. The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is not considered that the contents of this report have any such effect.

## **Council Policy Framework**

16. The issues contained within this report do not represent change to Council policy or the Council's policy framework.

## **Decisions Deadline**

17. For the purpose of the 'call-in' procedure this does not represent an urgent matter.

## **Recommendation**

18. It is recommended that Cabinet notes the details of this scheme, amended estimate and approve the release of the resources previously approved by Council plus an additional £1.487m to be funded from prudential borrowing.

## **Reasons**

19. The recommendation is supported to enable work to proceed on the Capital Medium Term Financial Plan.

**Cliff Brown**  
**Director of Community Services**

## **Background Papers**

- (i) Capital Medium Term Financial Plan 2005/06 to 2006/07.
- (ii) Capital Bids
- (iii) Design and Cost Appraisal by Brown Smith Baker, Black and Veatch and Iddison Dodds and Partners, June 2004.

Cliff Brown : Extension 4401  
SL