



REPORT TO:	Executive Board
DATE:	5 th July 2023
SUBJECT:	Request to re-profile the delivery of the Mablethorpe Colonnade Towns Funds Scheme.
PURPOSE:	To approve a revised approach to the scheme and to secure additional funding from reserves so that the construction contracts for the projects can be entered into.
KEY DECISION:	Yes
PORTFOLIO HOLDER:	Councillor Craig Leyland, Leader of the Council
REPORT OF:	Adrian Sibley, Deputy Chief Executive for Delivery
REPORT AUTHOR:	Adrian Sibley, Deputy Chief Executive for Delivery
WARD(S) AFFECTED:	Sutton on Sea, Skegness Wards, Ingoldmells, Mablethorpe, Chapel St Leonards
EXEMPT REPORT?	No

SUMMARY

This report seeks approval to separate the Sutton on Sea Colonnade Towns Fund project into two phases so that works can proceed within existing approved budgets and authorities granted. It also seeks to gain approval for providing resources to allow additionality to the scheme.

RECOMMENDATIONS

That Members:

1. Agree to separate the Colonnade works into two phases so that phase 1, being the pavilion, the Beach Huts, and the surrounding external works and landscaping, can commence within the approved budget.
2. Note that officers will submit a further report for Phase 2, being the Lodges, once final costings and market testing have been undertaken. This is with a view to the development being potentially taken on by an external organisation who would provide the funding.
3. Recommend to Full Council an addition to the Capital Programme and the use of reserves for up to £600k to fund additional enhanced works.

REASONS FOR RECOMMENDATIONS

The redeveloped colonnade is an iconic and key part of the Towns Fund programme of works. On top of protracted discussions with the Environmental Agency, the contract negotiations and final agreements with the contractor have already caused delays to the scheme. The recommendations allow the Council to continue with the project and enhance the offer to the area.

OTHER OPTIONS CONSIDERED

Members could decide to wait until all of the costs have been finalised and then agree a course of action. This would though inevitably delay the scheme further.

There is also the option of re tendering the scheme. This is strongly against the advice of our procurement advisors as it would almost certainly increase rather than decrease the cost of the scheme and also cause significant delays to the scheme.

1. BACKGROUND

- 1.1.** Members will be aware that The Government invited an initial 101 places in England to develop proposals for a Town Deal, forming part of the £3.6 billion Towns Fund announced by the Prime Minister in 2019. The Towns Fund is at the centre of Government's ambition to level up this country and make it a better place for everyone to live and work.
- 1.2.** The Council was invited to act as Lead Authority in the preparation of a Town Investment Plan for both Skegness and Mablethorpe as the basis for entering into a Town Deal with Government. A fundamental prerequisite of a Town Deal is strong governance arrangements, which are exercised through a Town Board.
- 1.3.** Both plans were successful and in March 2021 Mablethorpe and Skegness were awarded up to £23.9 million and £24.5 million respectively for a total of 13 separate projects. Seven of these projects are to be delivered by external partners and six are to be delivered internally. In all cases, the Council is the accountable body and responsible for receiving and distributing the funding, whilst the Connected Coast Board was responsible for agreeing the schemes and the Business Cases, and subsequent monitoring.

- 1.4.** For the six internally managed schemes, the Capital cost of the schemes was originally estimated to be around £35m. The Colonnade element of this was £6.2m
- 1.5.** Since government approval of the Business Cases, offices engaged with contractors to agree indicative final build costs. As a result, and following the recognition of inflationary pressures, there was a requirement to commit a further £3.5m to 3 of these schemes from Council reserves. This additional funding was agreed by Full Council in December 2022 and £1.3 of was allocated to the Sutton on Sea Colonnade, based on advanced estimates from the preferred contractor that had been appointed.
- 1.6.** Since this date, construction costs have continued to increase due to supply chain issues for both labour and materials. Market testing has now been undertaken by independent cost experts to verify the accuracy and reasonableness of the contractors more detailed cost breakdowns. Whilst officers have worked extensively with the contractor to re-engineer the scheme, it is clear that further cost increases of around £2m are now unavoidable if the scheme is to be progressed in its original format.

2. REPORT

- 2.1.** The Sutton on Sea Colonnade scheme is an iconic redevelopment of the existing facility to create three landmark buildings including a café, exhibition spaces, beach huts and overnight accommodation that are surrounded by landscaped gardens.
- 2.2.** The approved budget available for the Colonnade is £7.5m. Whilst the final contract sum is yet to be agreed, it is likely that it will be at least around £9.5m and this could still take several months to finalise due to design changes predominately to the overnight beach lodges and supporting podium structure.
- 2.3.** In the meantime, the contractor has committed to building the main pavilion, the beach huts, and landscaping the pleasure gardens within the current approved budget of £7.5m. This would then leave the 6 Lodges to be agreed separately. It is likely that as a result of re-engineering and the desire to reduce costs, the final lodges design will also need to go through a revised planning process.
- 2.4.** In view of the desire of officers, councillors, and members of the public not to delay the scheme any further, this report proposes to split the scheme into two phases, with the second phase being the construction of the lodges, which will require additional funding. A further report would be brought back when market testing has also been undertaken to ascertain whether or there is a private sector appetite to invest in the scheme and then take on the management of the lodges, and thereby potentially reduce the need for any further Council funding.
- 2.5.** Following resident concerns at the delay in starting on site, and in terms of meeting a wider Levelling Up agenda, it is further proposed that in order to provide additionality to the scheme, that the Council sets aside up to £600k for the relocation of the Multi User Games Area and 2 tennis courts, located to the nearby King George playing field.

- 2.6.** This will broaden the range of activities available from the area to maximise health participation, thereby improving well-being for a wider section of the community. It would also extend the season for the use of the facilities.
- 2.7.** There is the potential to seek external funding for the additional cost from sources such as the Rural Prosperity Fund and Sport England. The £600k is therefore a maximum requirement.
- 2.8.** East Lindsey District Council has secured Arts Council England Funding from the 2023-2026 Investment Programme for National Portfolio Organisations. Funding per annum of £651,993 will deliver an art and cultural programme in line with the Activity Plan. The Plan includes the development of three Creative Hubs across the SELCP geography. On 15 February 2023, Executive Board approved the future use of the Colonnade as a cultural hub for East Lindsey.

3. CONCLUSION

- 3.1.** It is fair to say that the Colonnade project has encountered several difficulties to date. However, the project will deliver enhanced and new facilities for skills, employment and improve the general well-being of residents and visitors. It goes to the heart of the Government's levelling up agenda and deliver investment into regeneration, skills, and connectivity to secure transformational levels of economic growth.
- 3.2.** If the recommendations are adopted, then the project can continue with greater certainty to contract stage for the implementation of the main building works later this year with full completion well before the summer season of 2025 and still achieve these outcomes.

EXPECTED BENEFITS TO THE PARTNERSHIP

The recommendations will support the aims and ambitions in terms of increased growth, prosperity, and well-being.

IMPLICATIONS

SOUTH AND EAST LINCOLNSHIRE COUNCIL'S PARTNERSHIP

The project will be driven forward by the delivery directorate of the Partnership.

CORPORATE PRIORITIES

The objective of the Fund is to drive the economic regeneration of towns to deliver long term economic and productivity growth, therefore the alignment of the delivery team is reflective of the Council's strategy for economic development and growth.

STAFFING

The delivery of Town Funds schemes will be a demanding piece of work that will require dedicated and specialist support. As the lead council, we have established a delivery team that will facilitate all arrangements and agreements to support this work and the delivery of the projects.

CONSTITUTIONAL AND LEGAL IMPLICATIONS

Procurement procedures have been followed for delivery of services and goods. Robust contracts will also be required for the transfer of financial risk.

DATA PROTECTION

None

FINANCIAL

The financial implications have been detailed in the report.

RISK MANAGEMENT

The most significant risk is that expenditure is maintained within budget. Regular budget monitoring will be in place and overseen by the Project sponsor and Major Projects Board. Regular reports will also be taken to the Executive Board, Audit and Governance and Overview.

STAKEHOLDER / CONSULTATION / TIMESCALES

Significant consultation has taken place in respect of the projects selected.

REPUTATION

The successful delivery of these projects will be critical in terms of our reputation both with partners, the Government, and the public.

CONTRACTS

Full procurement procedures and subsequent contracts have been followed for delivery of services and goods. Robust contracts will also be required for the transfer of financial risk.

CRIME AND DISORDER

None

EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING

None

HEALTH AND WELL BEING

The project specifically targets health and well-being as outcomes.

CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

Investment from this fund should be aligned with the government's clean growth objectives where possible, while ensuring that the project delivers good value for money, and as a minimum must not conflict with the UK's legal commitment to cut greenhouse gas emissions to net zero by 2050.

ACRONYMS

None

APPENDICES

None

BACKGROUND PAPERS

None

CHRONOLOGICAL HISTORY OF THIS REPORT	
Name of body	Date
Executive Board	July 2023

REPORT APPROVAL	
Report author:	Adrian Sibley, Deputy Chief Executive for Programme Delivery, Adrian.sibley@e-lindsey.gov.uk
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