

Agenda Item 21

CABINET

28 November 2012

12/1231



Seaton Discovery Centre

Exempt Information

Para 3 Schedule 12A information relating to the finance or business affairs of any particular person

Summary

This report summarises the developments on the Discovery Centre scheme since Cabinet's agreement on 4 April 2012 to progress the project in partnership with the Devon Wildlife Trust (DWT). An important milestone has now been reached and there a key resolution is now sought from Cabinet.

Recommendation

1. That £85,126.33 of the £1,830,000 capital programme budget committed to the project is released to enable the project to proceed to a Stage 1, Heritage Lottery Fund funding bid in February 2013.

a) Reasons for Recommendation

The original pre-development budget for the Seaton Discovery Centre has been fully invested. The detailed development process going forward involves a significant additional requirement to fund project development going forward. Items to cover include:

- Expertise and coordination toward £500K Heritage Lottery Fund bid
- Technical project management
- Consultation
- Detailed design of the building and external space
- Potentially a new planning application

b) Alternative Options

- i. Stop further work on the project
- ii. Work to a revised scheme within the existing available budget.

c) Risk Considerations

There are risks both financial and reputational.

1. The project currently involves bid for £500,000 HLF funding. If this bid were not to succeed then a reduced and phased development would be required. Risk can be mitigated via project structure and cost management.
2. The project will require fund raising to meet full cost. This is not unexpected and our preferred operator, DWT, has expertise, resources and reputation to bring to bear.
3. The majority of the costs identified at Appendix 2 and 3 have been capped and we are advised that there is therefore little risk of upwards cost pressure. However, in the absence of a firm or capped limit for other services, allowances have been made along with a contingency sum to cover any unforeseen expenditure.
4. DWT advise that whatever the HLF result, they are committed to the project. If it proves necessary, we could therefore go ahead with the basic project (the building and its immediate landscape) and phase further developments over a period of years.

d) Policy and Budgetary Considerations

The Council adopted a commitment to Seaton Regeneration in 2007. A variety of projects within the Council's jurisdiction have been delivered. There remains the delivery of the Discovery Centre. (Please see Appendix 1).

The Council has committed £1.83M of the £1.955M capital receipt through the land deal with Tesco Stores Limited to the Visitor Centre project¹ (Discovery Centre). Devon County Council has committed £500,000 grant funding.

The pre-development funding budget, which has been used in recent years to fund progress, has £42,608.67 remaining. There is now a pre-stage 1 pre-development cost funding gap of £85,126.33 (i.e. £127,735 less the current remaining pre-development funding pot of £42,608.67).

The project has reached a point where capital expenditure will now need to be made and it was considered appropriate to bring Members up to speed on the project at this important milestone both in terms of progress to date and forward planning.

The further allocation for development funding will be secured from within the existing project budget. This may then either require further fundraising or value engineering of the project.

e) Date for Review of Decision

Prior to submission of revised scheme planning application/ minor amendments

1 Project Update

- 1.1 Members are familiar with this project which has now evolved over a number of years. A presentation will be made to Members at the Meeting of 28 November 2012 to hear about the progress made since Cabinet last considered the project on 4 April 2012 and see the latest work on the design concepts.

¹ Executive Board Meeting held 02 December 2009

1.2 One of the most significant steps has been to reach an agreement on draft heads of terms to form the basis of the partnership agreement between the Council and the Devon Wildlife Trust (DWT). It is proposed that both parties will enter the agreement with the intention to:-

- construct a high quality visitor facility (the Centre), including outdoor space, focusing on the Jurassic Coast and associated natural heritage;
- secure the support and involvement of the local community;
- run the Centre as a commercial operation – but not at the expense of the heritage and educational aims of the centre;
- run the Centre in a spirit of partnership, linking to Axe Estuary Wetlands and neighbouring facilities.

In addition, EDDC will wish to:-

- secure a reasonable financial return from the Centre and avoid ongoing financial liability;
- ensure the Centre helps to regenerate the economy of Seaton.

In addition, DWT will wish to: -

- establish a clear and visible presence, promote its brand and recruit members;
- further its mission in education and awareness raising.

1.3 A copy of the draft Heads of Terms is attached at Appendix 2. These were agreed by the Trustees of DWT's Executive Committee in October. These draft terms will be considered in detail at the next meeting of the Asset Management Forum on 6 December 2012 and a recommendation made to Cabinet at a future date with any proposed amendments.

2.0 Finance

2.1 Significant work has been undertaken to identify the expected costs of project delivery. These costs have been prepared in consultation with both DWT, the Consultant Team and the Council's Finance team. Please find attached schedule of pre-development costs up to the submission of a Round 1 HLF Application at Appendix 3. It is worth noting that all of the costs identified (with the exception of bid writing costs of circa £7,500 included within the DWT's cost allowance), are necessary to progress the project irrespective of the HLF bid process and have been catered for within the Overall Project Budget (attached at Appendix 4).

2.2 Some of these costs will facilitate services necessary beyond the Round 1 stage up to Round 2. Please note that the vast majority of these costs have been capped and the project consultants therefore advise that little risk of upwards cost pressure exists. However, in the absence of a firm or capped limit for certain services, sensible allowances have been made along with a contingency sum to cover any unforeseen items.

2.3 The Council committed funding of £1.83m of a £1.955m capital receipt received from a land agreement negotiated with Tesco Stores Limited at its Cabinet meeting held 02 December 2009. In addition, £80,000 was committed to the Town Council

to help facilitate a project to improve youth facilities. The Town Council have now agreed that this money should be used towards the upgrading of the Underfleet play area and skate park as part of the overall Underfleet Masterplan. At its meeting on the 12 November 2012, The Town Council also offered to commit pre-development grant funding of £10,000 to the project. (Please note that for the purposes of this report and accompanying appendices, this figure has not yet been accounted for).

- 2.4 Devon County Council have committed £500,000 grant funding to the project.
- 2.5 The overall project cost is currently estimated at £3,348,828. This leaves a shortfall to be raised of £819,519. It is proposed that a bid to the Heritage Lottery Fund is made for £500,000. It is then anticipated that the remaining deficit will be sought through other fund raising initiatives. DWT are already actively seeking additional funds for the project.

Legal Implications

The property and procurement elements of these proposals will need to be assessed in terms of options and implications, followed by further detailed work. Provision for external legal costs should be included along with the other consultancy fees in the budget profile for this project. However, if resources permit, support will be offered by the in house team.

Financial Implications

Appendix 4 shows a shortfall of funding of £320k. As identified in the appendix and report there is also a risk that this shortfall will be greater (up to £1m) if an HLF bid does not succeed in which case the project will need to adopt a reduced scale and phasing of development. Also of significant risk is the aspiration that any shortfall will be covered by fundraising. The VAT implications also need to be resolved to ensure no additional costs are incurred.

Capital programme funding is reliant on the capital reserve which is likely to be fully depleted by 2014/15. If Members wish to support the scheme as presented the shortfall would have to be put forward in the current capital budgeting process.

Consultation on Reports to the Executive

The issues raised in the report have been discussed by the Seaton Regeneration Project Team and at an Asset Management Forum Briefing meeting.

Background Papers

- Appendix 1 – Seaton Regeneration Agenda
- Appendix 2 – Draft Heads of Terms between the Council and Devon Wildlife Trust
- Appendix 3 – Pre-development Costs up to Round 1 HLF Bid
- Appendix 4 – Overall Project Budget Forecast
- Appendix 5 – Price Waterhouse Cooper VAT advice