

TO AGREE A PREFERRED BIDDER AND FUNDING OPTIONS FOR THE PAVILION PROJECT AT KING GEORGE V / BADMINTON ROAD PLAYING FIELDS			
Proposed by:	Cllr Ben Burton		
Date:	27 February 2023		

A. EXECUTIVE SUMMARY

The proposed project is a community-based pavilion and sports facility that will serve as a hub for sports teams, community groups, and local events. The facility also has the potential to include a coffee shop (pop up or something more formal depending on demand) and room rental for meetings, children's parties and other gatherings. The aim of this project is to provide a safe and convenient gathering space for the community, as well as a source of revenue for the maintenance of the facility. The improvements to the Pavilion and surrounding areas will help promote the wider park and intensify the use and enjoyment by the community.

B. FACILITY DESCRIPTION

The new pavilion will be located at Badminton Road Playing Fields and members will be familiar with the plans that have been consulted on and form part of the tender pack. In brief, the facilities will include a building that provides changing rooms for sports (including cricket and football), community/meeting rooms, office space (potential for the Parish Clerk to relocate and other community based partners such as the Police) and a kitchen facility (possibility of hosting a regular drinks and snack provider for the park or a more informal nature on match days).

The new pavilion will provide a modern and environmentally sensitive replacement for the existing facility. The current pavilion is not fit for purpose and has many structural issues that present a health and safety risk for users. The outside aesthetics do not promote the wider park, which is well managed and used by the community. If the current plans are not approved, then funding will still be required to replace the existing changing facilities but the Parish Council is likely to lose out on significant funding support from the Football Foundation.

To further improve the wider park, new car parking, landscaping, electric charging points, and storage facilities have been provided. The new car parking area provides ample space for visitors to park their vehicles, reducing the amount of traffic on the surrounding roads and improving safety for pedestrians. The landscaping has been carefully planned to enhance the beauty of the park, creating attractive outdoor spaces for visitors to enjoy.

The addition of electric charging points provides a convenient and environmentally friendly way for visitors to recharge their vehicles and will potentially offer a source of revenue. Electric scooter parking is provided to ensure the park itself is kept clear of scooters. These interventions, along with cycle storage, will ensure that sustainable transport to and from the park is promoted.

C. OPERATIONS PLAN

The facility will be open when required and will see large scale use during the weekends. At present, it is intended that the Pavilion will be run on a more informal basis so that demand can be fully assessed before a long-term operations plan is put in place. This was the thinking behind making Downend Saints the lead club for the 2023-2024 football season.

Downend Saints will be responsible for ensuring that the playing pitches are maximised (e.g. by marking pitches to reflect demand and ensuring better coordination of the fixture list), driving revenue for the Parish Council, and by better coordinating the matches that are played by the various clubs (increasing capacity and rental fees). The intention of the lead club is to ensure that sufficient teams from that club are playing at the facility so that parents are available to help run the facility when it is open. This might include responsibility for locking and unlocking the facility, attending to problems on site and serving drinks and snacks after matches. This will help support the Parish Council in the initial stages and reduce the reliance on paid staff or companies to support these activities. Once a pattern of use is established then other models can be considered based on actual use rather than speculative plans.

Downend Saints have already committed to ensuring that existing users of other clubs continue to have access to the facilities and bookings will be conducted fairly (if this commitment is not honoured then the arrangement could be revoked after the initial one-year trial period). The Football Foundation is also supportive of having clubs develop and expand their facilities (this in turn promotes participation) and is an important part of their criteria for funding.

The Parish Council will also have the opportunity to rent/use the Pavilion to other groups, individuals or organisations, including:

- The Police have expressed a desire to hot desk and hold drop in sessions.
- Friends of King George V Park to support their activities.
- Downend in Bloom.
- The Royal British Legion (their permanent home at Staple Hill was sold).
- Downend School has expressed interest in holding joint school and community events.
- Parish Council office, meetings and events.
- Community activities such as fitness classes or children's birthdays.
- Supporting the annual Roundtable fireworks.
- Meeting room hire.
- Mobile coffee shop.

In the future, a partnership with Downend School could be created to allow for the consolidation of resources and the creation of a larger, more comprehensive sports and recreation offering. A potential partnership with the school would help enhance links and also provide extra revenue for the pavilion by also serving users of the 3G pitch. The school also promotes job opportunities for school leavers/sixth formers who look after the facilities over the weekend.

There are significant community benefits to the pavilion project that reach beyond simply supporting the current sport users.

D. CONSTRUCTION COSTS

The estimated costs of constructing the Pavilion and associated landscaping works are detailed in the various tender returns. Members have been provided with access and time to review the tender returns and to raise any concerns or clarifications required. The returns have also been assessed by the Sports Pitches Working Group (“**SPWG**”). The costs of creating the Pavilion have increased from the original estimates due to changes in material and construction costs that have occurred in the market but also the scope of the works envisaged.

The original projected costs of between £600-700,000 only took account of the demolition of the existing Pavilion and construction of a replacement facility. However, as a result of the planning application process it quickly became apparent that significant landscaping works would also be required. This is an investment that is not only being made for sports provision but for the wider community by enhancing the aspect and appearance of the park. The total cost of the project reflects a significant improvement in the public realm.

The cost of materials and construction has increased dramatically in recent years. The construction press has suggested this is connected with post Brexit adjustments, the Covid pandemic and more general inflationary pressures. Any delay in this process is likely to expose the Council to further cost pressures.

The initial tendered costs were as follows:

Contractor/Supplier	Tendered Amount
Elite Systems (Pavilion Only)	£1,036,205.05
Hawker Modular (Pavilion Only)	£1,327,945.37
Millward Modular (Pavilion Only)	£787,223.00
Derbybeech Ltd (Pavilion and Landscaping)	£641,891 and £263,661
Healthmatic (Pavilion and Landscaping)	£1,310,100 and £115,962
Wernick (Pavilion and Landscaping)	£748,465 and £619,815

As noted above, 3 of the tender returns were for the Pavilion only and did not include the landscaping aspects. The other 3 tender returns were for a complete package of works to include the Pavilion and landscaping. The SPWG was in agreement that it was preferred for one contractor to undertake the whole project as this would be easier to manage and sequence. The SPWG was also of the opinion that this would reduce the risks of the project as one supplier would have overall control.

The three remaining tender returns for a complete project were further reviewed by the SPWG and a number of queries were raised with each supplier. Members will have seen these queries and the relevant responses in previous Council documentation. A number of queries related to costs that had been included or omitted from the various quotes and clarity was required to ensure each

was being reviewed on a 'like for like' basis. After the queries were answered, the following provides and overview of the costs of the project:

Contractor/Supplier	Tendered Amount
Derbybeech Ltd (Pavilion and Landscaping)	£1,252,363.36
Healthmatic (Pavilion and Landscaping)	£1,506,567.00
Wernick (Pavilion and Landscaping)	£1,478,840.50

Members should note that the Football Foundation has indicated that they will not consider funding the difference between two quotes if the lowest option is not selected as the preferred bidder.

Members should also be aware that all contractors have different suggestions about value engineering the project so further savings could be achieved from the above headline figures. More detailed enquiries have been made of Wernick and Derbybeech to ascertain the quality of the work and to obtain references. The Clerk is able to provide a full overview of the responses, but the SPWG are content with the quality of work by both suppliers and both had satisfactory references. Please note that members have only been able to actually visit one of Wernick's completed projects due to the distances of the projects completed by Derbybeech.

As members are aware Wernick has assisted on this project from the outset and the Clerk has been impressed by their diligence and responsiveness. This does not mean to suggest that Derbybeech would not provide a similar customer service and will work well with the Parish Council to develop the plans and any cost savings.

As Chair of the SPWG, my recommendation would be to proceed with the instruction of Derbybeech to take this project forward given that they have submitted the most competitive tender return. The need to ensure value for money for the taxpayer would suggest that there must be compelling reasons to not accept the lowest tender and I have not seen any such indication during my review. Please note that members, including others on the SPWG, will have the opportunity to contribute to this discussion during the course of the meeting when this proposal is presented.

If the proposal is accepted, this would mean that a tender in the sum of £1,252,363.36 is accepted and sufficient capital funding would be required. There might also be some ancillary costs for items such as furniture and other incidental items. I would suggest that £20,000 is allocated for this purpose but this could be funded from potential value engineering that can be achieved. The above figure does not include any of the additional value engineering so other reductions might be achievable.

E. AVAILABLE FUNDS

The recommendation is that the project is funded from the following sources:

Funding Source	Amount
Reserves	£538,865

Section 106 Funding	£112,143.47
Football Foundation Grant (potential)	£249,999.00
<u>TOTAL</u>	<u>£901,007.47</u>

The current figures show a shortfall in funding of £351,355.89 (assuming the figures shown in the above tables are exhausted). This will mean that some form of loan will be required to take the project forward.

In relation to the funding that is available, it should be noted that the Football Foundation Grant has not been fully approved but they have been supportive of this project from the outset and a recent letter of support is included in the papers.

In relation to the Football Foundation grant application, there are a couple of issues to be resolved until the full application can be approved and this includes the ability for the Football Foundation to protect their investment by taking a charge over the new Pavilion and sport pitches. There are conversations ongoing between the Parish Council, South Gloucestershire Council and the Football Foundation about how this can be achieved but a solution is envisaged imminently. The chances of receiving a grant from the Football Foundation appear to be high and it is hoped an award of the maximum amount, £249,999, will be forthcoming.

Loan Facility

The shortfall in the capital costs could be funded by the Parish Council taking a loan facility from the Public Works Loan Board. These loans are provided at competitive rates and the repayment terms will vary depending on the amount requested and the loan period. The following provide some examples and the referenced schedules show different repayment amounts depending on the term of the loan.

Loan Amount	Loan Term	Annual Repayment	Loan Term	Annual Repayment
£300,000	15 Years	£27,356.38	25 Years	£20,817.98
£400,000	15 Years	£36,753.76	25 Years	£28,040.34
£500,000	15 Years	£45,942.00	25 Years	£35,050.42

The shortfall in funding could be bridged with the Parish Council taking out a loan facility. The Parish Council has a regular and defined income from the precept so the risk of default is negligible. The loan repayment (details to be confirmed) will be significantly lower than the amount that is currently being placed into reserves for the project and will still leave significant coverage for unforeseen costs or other investments. The amount being placed into reserves on an annual basis also does not include the investment being made in pitches and the current running costs of the wider site. This demonstrates that the Parish Council is well placed to finance a relatively small loan repayment to bridge the current gap in funding (the Council could also decide to pay off the loan quicker should this become an option).

As Chair of the SPWG, I recommend support for a loan of £400,000 be approved to meet the shortfall in funding detailed above. This amount will cover the shortfall but would provide an initial sinking fund/contingency to support the opening activities. I would suggest that this loan could be taken out on an initial 25-year repayment schedule to lower annual costs. However, there would be an option for a new Parish Council to overpay this amount to reduce the payment period should they consider it prudent to do so.

The exact amount of the loan can be decided at a later date given this amount will not be needed until the project is virtually complete due to the proposed payment schedule. At this point, it will become clearer about how much savings have been made through value engineering and the overall costs, which might see a reduction in the loan required.

F. RUNNING COSTS AND INCOME

Expenditure

As part of the Football Foundation funding application, the following expenditure projection was forecast for the Pavilion and sports pitches. This forecast is based on the existing costs of the Pavilion and historical evidence of other facilities that have submitted similar funding applications.

Income Category	Year 1	Year 2	Year 3	Year 4	Year 5
Pitch maintenance – annual cost for the site	£7,980	£8,219	£8,466	£8,720	£8,982
Machinery operational costs	£0	£0	£0	£0	£0
Equipment Hire	£0	£0	£0	£0	£0
Other	£0	£0	£0	£0	£0
Cleaning	£4,000	£4,120	£4,244	£4,371	£4,502
Maintenance & Repairs	£2,500	£2,575	£2,652	£2,732	£2,814
Sinking Fund	£7,500	£7,725	£7,957	£8,195	£8,441
Utilities	£10,000	£10,300	£10,609	£10,927	£11,255
Other	£0	£0	£0	£0	£0
Booking Systems	£2,000	£2,060	£2,122	£2,185	£2,251
Kitchen expenditure	£0	£0	£0	£0	£0
Loan repayment	£0	£0	£0	£0	£0
Site Staff Costs	£0	£0	£0	£0	£0
On costs	£0	£0	£0	£0	£0
Training and education costs	£0	£0	£0	£0	£0
Marketing	£1,000	£1,030	£1,061	£1,093	£1,126
Regular Site Maintenance (in-house)	£0	£0	£0	£0	£0
Other	£0	£0	£0	£0	£0
Total Expenditure	£34,980	£36,029	£37,110	£38,224	£39,370

A number of items of expenditure that are included in the projection are costs that are already being incurred. These items will be considered under income. The loan figure has also not been included in the running figures shown above as this has been considered separately.

The costs included above demonstrate the basic running requirements of the Pavilion, but other models of use and activities might have a material impact on this figure. Members will decide going forwards whether they want to open the facilities to more activities and will have the opportunity to see the effect this has on certain operational costs.

Income

The current income projections are shown in the table below:

Income Category	Year 1	Year 2	Year 3	Year 4	Year 5
Pitch hire	£11,600	£11,948	£12,306	£12,676	£13,056
Revenue subsidy/ budget contribution from LA or Parish Council	£0	£0	£0	£0	£0
Other	£0	£0	£0	£0	£0
Building/Clubroom Hire	£3,500	£3,605	£3,713	£3,825	£3,939
Kitchen income	£2,000	£2,060	£2,122	£2,185	£2,251
Other	£0	£0	£0	£0	£0
Sponsorship/Fundraising	£0	£0	£0	£0	£0
Vending income	£0	£0	£0	£0	£0
Revenue grants	£0	£0	£0	£0	£0
Pitch Maintenance (allocated from other part of Parish Council budget)	£7,980	£8,219	£8,466	£8,720	£8,982
Parish Council Office (allocated from other part of Parish Council budget)	£4,500	£4,635	£4,774	£4,917	£5,065
Marketing (allocated from other part of Parish Council budget)	£1,000	£1,030	£1,061	£1,093	£1,126
Parish Meeting Rooms (allocated from other part of Parish Council budget)	£1,500	£1,545	£1,591	£1,639	£1,688
Other	£0	£0	£0	£0	£0
Total Income	£32,080	£33,042	£34,034	£35,055	£36,107

The base case scenario detailed above, includes 'income' from other parts of the Parish Council's budget. This is for activities that are already paid for by the Parish Council and will not need to be covered by the Pavilion aspect of the budget (an adjustment of these budget allocations is possible to more accurately reflect the actual position in future years). However, for this recommendation it has been assumed that such items are 'income' so members can clearly see the 'additional' costs rather than what is currently incurred. These include the following:

- Parish Council Office: The new pavilion would have office accommodation available, and it would appear reasonable for the Parish Clerk's office to be relocated to this accessible location.
- Parish Council Meetings: The Parish Council currently meets in other locations, and it would appear prudent for all future meetings to take place at the Pavilion.
- Marketing: A cost for marketing activity is included in the Pavilion's expenditure assessment. An assumption is made that the Parish Council would use the regular article in the Voice and social media rather than incurring additional costs.
- Pitch Maintenance: The pitches have been maintained for a number of years, so this aspect has already been covered.

The base case income and expenditure is as follows:

Overall site Summary	Year 1	Year 2	Year 3	Year 4	Year 5
Income	£32,080	£33,042	£34,034	£35,055	£36,107
Expenditure	£34,980	£36,029	£37,110	£38,224	£39,370
Surplus /Deficit	-£2,900	-£2,987	-£3,077	-£3,169	-£3,264

There is a first-year shortfall of approximately £2,900 in operational costs in the first year. The Parish Council would absorb this cost in addition to the loan repayment or seek to close the gap with other activities. An outline of other activities is included below:

a. *Electric Vehicle Charging*

Allego Ultra-Fast EV charging stations are reviewing local sites and could be approached to understand whether the Badminton Road Pavilion would be a suitable site. The key details are as follows:

- Free installation, charging stations and ongoing operations
- No membership or subscription fees
- Zero investment required
- A guaranteed annual rental where our EV charge points will be installed

<https://www.allego.eu/>

b. *Pitch Price Increase*

The figures included in the base case scenario detailed above assume that the price of the sports pitch hire remains unchanged from the current level and only an annual 3% inflationary increase added. The sport pitch hire costs have not changed for a number of years to reflect the poor state of the previous pavilion and the improved facilities would provide the Parish Council with the opportunity to review the current costs. These costs would need to take into account affordability of users and a need to fairly share the costs of improving the Pavilion between regular sports users and residents. The table below shows the additional income each year that would be generated with a one-off percentage increase in year 1:

Pitch HireCost Increase	Year 1	Year 2	Year 3	Year 4	Year 5
5%	£580	£597	£616	£633	£653
10%	£1,160	£1,194	£1,232	£1,266	£1,306
20%	£2,320	£2,388	£2,464	£2,532	£2,612

c. Additional Activities

The assumptions above are based on £3,500 worth of room bookings a week. This translates to approximately 140 hours of bookings a year (3 a week) if a fee of £25 per hour was charged. The room hire cost is based on similar halls, but further work would be required to understand the correct pricing point. An increase in the hall fee will reduce the deficit (as long as bookings of the same number could be retained) or an additional 2 one-hour bookings at the same price point would also remove the projected deficit.

There is also an option to explore with the sports teams how additional revenue could be generated on weekends. This might see some form of hire fee being paid to use the kitchen or the clubhouse or a profit-sharing agreement put in place for any goods that are sold from the premises. This would provide revenue for the club and Parish Council. There are also examples of one-off club tournaments providing revenue that would help meet the annual costs.

G. FINANCIAL CONCLUSIONS

The capital cost of the project will be funded through the following:

Funding Source	Amount
Reserves	£538,865
Section 106 Funding	£112,143.47
Football Foundation Grant (potential)	£249,999.00
Loan	£400,000.00
<u>TOTAL</u>	<u>£1,301,007.47</u>

This would leave a reserve fund of £28,644.11 but this is projected to be higher due to value engineering activities and other cost savings. Please also note that the expenditure items already assume a contribution to a sinking fund of £7,500 per annum and £2,500 per annum to repairs.

The costs that need to be covered by the budget are as follows:

- There is currently an 'in use' deficit in the first year projected to be £2,500.
- A proposed loan of £400,000 over 25 years would have an annual repayment of £28,040.34.

This makes a total amount of £30,540.34 to be covered by the budget allocation to the Badminton Road Pavilion. There is currently an amount of £27,000 allocated in the budget and a £5,000 virement is recommended from the Bromley Heath Pavilion budget allocation to ensure appropriate coverage of this amount. As noted previously, it is likely that the running cost gap can be closed and the value engineering exercise might achieve some cost savings that will reduce the size of the final loan. The Bromley Heath Pavilion plans and costings are not currently sufficiently developed so the allocation of £45,000 to this project (reduced from £50,000) would appear appropriate and reasonable.

H. CLOSING COMMENTS

The community-based pavilion and sports facility is a unique and much-needed addition to the community. With a focus on local sports teams, community events, and a convenient coffee shop and meeting space, this facility will serve as a hub for community activity and a source of revenue for its upkeep and improvement. With careful planning and execution, this facility is poised for success.

The Parish Council has been committed to this project for over 6 years and the reality of successfully completing the project is on the horizon. The community has been supportive throughout and there is a fantastic opportunity to bring a lasting legacy.

PROPOSALS

- a. To **APPROVE** the principal of the Parish Council entering into a loan facility agreement with the Public Works Loan Board.
- b. To **APPROVE** the Clerk to:
 - i. make the necessary arrangements for a loan facility of £400,000 over a repayment period of 25 years or another loan amount and repayment period that would meet the funding requirements of the Badminton Road Pavilion project outlined in this report and would be in the best interests of the Parish Council;
 - ii. to undertake any preparatory legal and regulatory work that is needed to enter into such a loan facility; and
 - iii. to present to the Parish Council, at the appropriate time, the full terms and conditions of the loan for approval.
- c. Subject to a Football Foundation grant of £249,999 being granted to the Parish Council, to **APPROVE** Derbybeech Ltd as the preferred contractor for the purposes of providing a new Pavilion at Badminton Road Playing Fields as set out in their tender return.
- d. To **DIRECT** the Clerk of the Council to enter into initial conversations with Derbybeech Ltd for the purposes of progressing their tender proposal, to investigate any cost engineering options and to develop the full design for approval by the Parish Council.
- e. To **APPROVE** the Clerk of the Council having a budget of £10,000 to progress proposal (b) above until confirmation is received from the Football Foundation that the Parish Council's funding application has been successful.
- f. To **APPROVE** the Clerk having a budget of £5,000 to pay for any legal advice that the Clerk of the Parish Council, in consultation with the Chair, considers is necessary before entering into a contract with Derbybeech Ltd.