

SKEGNESS TOWN COUNCIL

REPORT TO: COUNCIL 10TH JULY 2018
BY: TOWN CLERK
SUBJECT: Community Hub, Asset transfers and Grass Cutting

PURPOSE: To determine whether requested assurances are sufficient to proceed from feasibility stage to design stage of the Hub project and move towards agreement in respect of ELDC Asset Transfers to Skegness Town Council. To approve additional resources in respect of Grass Cutting Activities deferred from Council on 4th July 2018.

1 INTRODUCTION AND BACKGROUND

- 1.1. On 4th April 2018, Council decided to proceed with the full technical design of a Community Hub to RIBA stage 4, subject to receiving assurances from East Lindsey District Council that certain asset transfers be made to Skegness Town Council and that the former Pavilion site is handed over as a cleared site ready for construction.
- 1.2. Discussions between representatives of ELDC and STC identified the need to create a broad balance between the costs and income associated with the assets to be transferred. Initially there was an imbalance in favour of STC and as a result, other assets that will generate costs savings for ELDC were added and one STC asset that has cost implications for STC was also added. It is not possible to get an exact match of costs and income, but a list set out later in this report gets to an approximation of this position.
- 1.3. Consideration was given to public expectation in respect of grass cutting that all grass within a given area should be cut at the same time by the same organisation. Under the current arrangement STC may be cutting a verge that surrounds a green space that is cut at a different time by ELDC. The asset transfers set out to address this situation which will provide an overall more efficient service for the public and something that is much more logical in terms of dealing with complaints and associated issues. This situation should also assist Officers in managing complaints about grass cutting. There have been a significant number of complaints about areas that have not been STC's responsibility and the time to resolve these has also been considerable. By having all the public grass cutting outside the Foreshore, issues can be more easily resolved.

1.4. A letter of intent has been received from the Leader on behalf of the ELDC Executive as the decision-making process for formal approval by ELDC Council will delay moving forward with the design by months. This letter attached at **Appendix A** demonstrates the intention of ELDC to move forward.

2. ASSETS IDENTIFIED FOR TRANSFER

2.1 Below is a table that sets out the assets that have been identified for transfer.

Asset Description	Proposed Transfer Date
Undeveloped land, Church Lane	10/2019
Recreation ground, Church Lane	10/2019
Amenity area, Westway/Roman Bank	10/2019
Two lock-up garages adjacent to Tower Gardens	01/2019
Car park, Scarborough Avenue	10/2019
A clear site comprising the land formerly occupied by Secret Garden Nursery, Old scout group building, St Johns building, The Pavilion.	01/2019
Public conveniences, Tower Gardens	01/2019
Four Kiosks, Tower Gardens	01/2019

Electricity Sub-station site, Tower Gardens	01/2019
Tower Gardens including everything therein otherwise not listed here.	01/2019
Electricity Sub-station site, Drummond Road/Coronation Walk	10/2019
Coronation Walk	10/2019
Electricity Sub-station site, Wilford Grove/Coronation Walk	10/2019
Amenity land, Beresford Field	10/2019
Vine Walk and plantation	10/2019
Electricity Sub-station site, Richmond Drive/Vine Walk	10/2019
Amenity land, Richmond Drive and Ramsay Close	10/2019
Croft Walk, Seacroft Drive	10/2019
Gas Governor Site, Seacroft Drive	10/2019
Amenity land, Seacroft Square	10/2019
King George V Walk	10/2019
Amenity Park, Alma Avenue	10/2019
Amenity spaces, Elder Close and Primrose Close	10/2019
Roadside verge, William Way	10/2019
Planting strip, Heath Road	10/2019
STC to surrender lease at Sunshine Play Area	10/2019

2.2 The assets include all those Tower Garden related assets identified by STC at its meeting in April 2018, but as can be seen, now includes all the Public Open Space Amenity Areas in Skegness that are not part of the Foreshore.

- 2.3 It is estimated that the capital value of the assets is more than £1m.
- 2.4 The proposed transfer dates will be subject to a legal transfer agreement.
- 2.5 The areas of the assets to be transferred represents around 141,400 m² of additional grass cutting.

3.0 SERVICES NEEDED TO TAKE ON NEW AREAS

- 3.1 The additional areas will require both an upscaling of existing services and new services to be adopted. Apart from Grass Cutting which is dealt with later in the report, the other following services will need to be provided

SERVICE	AREAS	NOTES (to give an initial idea and not intended to be comprehensive at this stage)
Bin emptying and waste disposal	Vine Walk King George V walk Winthorpe Playground Alma Ave Playground Tower Gardens Losing waste from Sunshine Playground	All busy areas requiring a significant upscaling of current activities. Waste disposal will require consideration to ensure most economical and resource efficient means. Machine/trolleys needed for walks to hold waste.
Playground Inspections	Winthorpe Playground Alma Ave Playground Tower Gardens Losing Sunshine Playground	Will require upscaling of current activities. Daily checks Weekly inspection Annual full professional inspection
Trees	Vine walk King George V Beresford Field	Significant number of trees but mostly mature. Will require

	Tower Gardens	significant upscaling of work currently undertaken for St Clements Churchyard. Will need to keep records of tree areas with risk assessment and regular inspections. Small scale, below head height work can be carried out in-house. High level work will require specialist contract work.
Toilet Cleaning	Tower Gardens	New service Hourly/Daily cleaning Sanitary waste Legionella management
Cash collection	Car Park Toilets	New Service Collection, Dealing with tickets/breakdowns Enforcement Cash storage/banking Security
Landlord	Kiosks and other low-level leases (e.g. sub stations, garages)	New Service Letting, Landlord notices Rent Reviews
Ponds		New Service - Cleaning, pumps, filtration, algae management Animal welfare issues
Benches/Fences/Railings	Tower Gardens/Walks	Significant upscaling of the repairs and maintenance we currently do
General Maintenance	Bandstand Toilets	Painting, repairs
Events	Tower Gardens	New Booking

		Assessing Risks/insurance
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- 3.2 Once a decision has been made to move forward, work will be undertaken during the lead in period up until transfer to identify exactly what is required for each of the services. This will include working methods, risk assessments and procedures which will feed into the exact resources required.

4.0 OTHER WORK AND RESOURCES NEEDED IN PREPARATION

- 4.1 Assuming that both Councils reach detailed agreement this will then need to be consolidated into legal agreements by November. This will require the Council to instruct a Solicitor. It is proposed that the Solicitor used previously when preparing contracts relating to the submission of the Coastal Community Fund Bid be used as he is already familiar with the site and other associated issues.
- 4.2 The extra office-based work in addition to that required in respect of the Community Hub together with the dip in dip out work on the Neighbourhood Development Plan and day to day operations, means that there will be no spare capacity to undertake any other new tasks. Between now and December it is unlikely that the existing office staff hours will be sufficient to cope with the workloads needed and therefore it is proposed that should Council decide to move forward, that an overtime provision of £7000 is made available for the project. This can be met out of the existing business plan provision due to the delay in starting the Hub project.
- 4.3 A provisional programme produced by the SCAPE Framework Contractor is attached at **Appendix B**. From this it is possible to see the points at which Officer based interaction is required to take the project forward. This also gives a provisional broad guideline of dates. The aim is to reach completion in Autumn 2019 which corresponds to the completion of the final community asset transfers from ELDC. The first phase of the Hub project is to undertake ground surveys, agree the design and seek Planning Consent. At this point Council will be able to make the final decision to borrow the funds and proceed. This is expected to be in December which will dovetail with the budget setting process.
- 4.4 Continuing with communication and seeking views on the design and functions of the building must be part of the ongoing process as deadlines and timescales allow. This will be done in accordance with previous practice and the Council's Community Engagement Strategy.

5.0 GRASS CUTTING ISSUES BROUGHT FORWARD FROM PREVIOUS MEETING

- 5.1 At the meeting on 4th July Council received a report relating to Amenity Verge cutting and some of the issues. In that report it was indicated that additional resources were needed to improve the standard of cut and manage the additional areas that will be transferred by Highways following the meeting. In all there is approximately an additional 10,000 m², including known new adoptions. Looking at the design of new housing being built, it is likely that more adopted verges will be passed to STC in the future. The issue of the process of adoptions was raised at the meeting with Highways to press LCC to start consultation with STC at the earliest possible stage.
- 5.2 Set in context with the community asset transfers from ELDC, this will take the total grass areas to be cut to around 280,000 m² by October 2019. Therefore, any changes made now to assist with the current situation will easily be absorbed within the resourcing requirements that will be required from 1st January 2019 and then again from October 2019 as the amounts to be cut step up. This means that resources agreed now can easily be adjusted in the future.
- 5.3 Staffing proposals within the Amenity Grass Cutting Team are set out in **Appendix C**. This will be further reviewed as part of the bigger piece of work taking place in the Autumn/Winter to consider the transfer of assets and is designed to give the Council flexibility moving forward.
- 5.4 As was indicated in the previous report, equipment has had a limiting influence on the team's efficiency. The ride on works well in some areas but obstacles are a problem. Smaller mowers are good for narrow areas but take too much time when working larger strips. The flatbed van is good for transporting the big mower but would not be able to manage large hand mowers at the same time. A trailer would add flexibility, allowing any of the vans to transport larger equipment and increasing flexibility when one is in for service or repair. Key to this is having to avoid running back and forth between cutting areas and the units to fetch equipment. Proposals relating to equipment is set out in **Appendix D**. Equipment levels will likely need to be further expanded as part of the bigger piece of work taking place in the Autumn/Winter to consider the transfer of assets.
- 5.5 Maintenance of equipment is essential to minimise downtime. Currently we use a specialist dealer for all routine service work and repairs. This is increasingly taking too much time out to deliver and collect equipment (a 2 hour round trip to deliver and then again to collect). Some of the routine

servicing and more minor repairs could more efficiently be undertaken in-house. More significant repairs and warranty-based work would still be undertaken by the dealer. It is proposed that this routine work is carried out in-house and funded from the equipment maintenance budget. Due to the higher skill level of work, it is recommended that this work is recorded and paid separately at the Senior Grounds Person Rates currently £9.01 ph. This change will be managed within the existing budget.

6.0 COSTS.

- 6.1 Cost have been worked out based on the best available information. This has included cost and income figures from ELDC and future cost projections based on a like for like level of service. These will be subject to refinement and confirmation when the details of the service standards and methods of work are agreed. At this stage there are a lot of unknowns and these will only become clear as we move forward and, in some cases, will be developed through undertaking the work. It is believed that reasonable provision has been made and as can be seen from the financial plan, that some contingency has been built in where possible.
- 6.2 Pay costs have risen following the national pay award. Generally, this has been publicised at 2% for both 2018/19 and 2019/20 which is what Council budgeted. This is correct for higher paid staff, but the effect on overall pay has increased by more than this, as those at or closer to the Minimum Wage will receive approximately 16% over two years. The impact for this Council is an average increase of 3.97% in the current year. The financial projections attached in **Appendix E** is based on the budget agreed in January, but with these additional cost pressures included. This sheet also contains both the estimated revenue and capital costs of this project. This means that the difference between the budget agreed in January and the new projected costs is partially caused by factors unrelated to this project.

7.0 RISKS

- 7.1 The project has grown considerably from what started off as building a Community Hub. In addition to this, it includes the management of Community Assets and considerable land/grass management. A project of this size will have commensurate risks. The main risks of moving forward are set out below. Construction risks in later stages will be owned by the Contractor post award of contract.
- 7.2 The Business and Resources Committee should add the risks of this project to the Quarterly Corporate Governance.

RISK	RISK IMPACT	MITIGATION
ELDC does not transfer Site or Gardens	<ul style="list-style-type: none"> • Project Stops • Investment in the Design Stage is wasted 	<p>Written confirmation of intent that ELDC is both willing and able to make the transfer to STC has been received.</p> <p>A legal obligation will be obtained before the construction contract is signed but this will involve further legal costs and delay.</p>
Construction costs are much higher than expected and cannot be contained by reasonable adjustment to the building	<ul style="list-style-type: none"> • Investment in the Design Stage is wasted. • OR Council accept higher costs • OR Building design compromised • Reputational Damage 	<p>Set budget in Design brief as a top priority.</p> <p>Work with SCAPE contractors to identify cost pressures early on.</p> <p>Make pragmatic design decisions.</p> <p>Do not add superfluous (wish list) features until spare capacity is known to exist in budget</p>
Planning Consent Refused	This is highly unlikely since the Council already hold permission for a larger more intrusive building.	Keep open dialogue with Planners
Loan application refused	<ul style="list-style-type: none"> • Council unable to fund construction. • Investment in the Design Stage is wasted. • Reputational Damage 	<p>Initial contact has been made.</p> <p>Ensure that the factors for the loan application are met. Keep LALC informed as application is made through them and their support is very influential.</p>
Inflation and/or interest rates makes revenue costs more expensive	<ul style="list-style-type: none"> • Makes scheme less affordable and precept increases above acceptable levels. 	Interest rates may rise in the medium/long term and fixing the rate as early as possible will be advantageous.

		<p>The Chancellor has indicated that in the medium-term inflation will be back towards the Treasury target.</p> <p>Once a construction contract is signed, any inflationary pressures are owned by the contractor.</p>
Costs of maintaining gardens and/or community assets is higher than expected or income from assets is lower	<ul style="list-style-type: none"> • Precept rises more than planned or • Standard of service is lower than expected 	<p>Difficult to manage until asset transfer is complete and true costs/income emerge.</p> <p>Council may have to accept this risk initially and manage costs/income over time.</p>
Staff resourcing capacity issues	<ul style="list-style-type: none"> • Project slippage • Resulting cost pressures 	Ensure the programming of project phases and other work takes account of capacity

8.0 NEXT STEPS

8.1 If Council decide to move to the Design Stage the following actions will be taken.

- Sign the SCAPE Design contract as approved by Council on 4th April 2018 (a provision of £145,000 has been made).
- Work with ELDC to agree the legal transfer of the assets including the appointment of solicitors.
- Undertake consultation with residents and interested parties about the design and future use of the building - this will then be fed into design discussions.
- Undertake preparation work ready for the responsibilities that the asset transfers will bring.

9.0 CONCLUSIONS

9.1 The discussions with East Lindsey appears to have delivered everything that Skegness Council asked for, together with the transfer of other assets which deliver on the Council's other long-term Business Plan Objective H which is the transfer of Skegness assets so that Skegness Town Council can take more control and responsibility of its town.

- 9.2 Having control of the assets will also open the potential to apply for the many small grant pots with the potential of being able to further improve these areas for the benefit of Skegness residents.
- 9.3 The initial Hub project is still projected to be within the medium budget that Council agreed in January. The other asset transfers, together with additional verge areas increases the overall workload significantly. The budgets have been worked through to minimise the overall impact, but it is impossible to undertake this level of additional work without some extra costs. Given the context of an asset transfer in excess of £1m, these appear to be relatively modest. The risk register does indicate that some costs are uncertain and may not be fully known until after fully operational. Equally though it may be possible to improve income streams in the future.
- 9.4 In respect of the existing grass cutting, taking some action now, will not only help to ensure the end of the season runs smoothly, but will also position the Council for the initial asset transfer in January. The time between the final decision on asset transfer and the start date is very short and so some flexibility is needed now in terms of equipment.

10.0 RECORDED VOTE

- 10.1 For decisions relating to major projects, it is regarded as good practice for the Council's decision to be by way of a recorded vote.

11.0 RECOMMENDATIONS

- 11.1 Council should consider the following: -

- a) Receive this report and note the projected costs and risks
- b) Approve the asset transfers as set out in section 2 of this report, subject to contract, together with the associated appointment of a solicitor and internal work in preparation (**Recorded Vote**).
- c) Approve moving to the Full Design Stage RIBA 4 (**Recorded Vote**) and approve the signing of the associated SCAPE contract in accordance with Financial Regulation 11.1(n).
- d) Approve an additional overtime budget for office-based staff as set out in section 4.2 above.
- e) Approve the staffing proposals for the Grass Cutting Team as set out in Appendix C.
- f) Approve the purchase of additional equipment as set out in Appendix D together with applying for a Restricted Vehicle Operators Licence

- g) Approve the changes set out in 5.5 above to bring routine maintenance of equipment in-house.
- h) Instruct the Business and Resources Committee to monitor risks associated with the project.

FOR DECISION

For information relating to
this report please contact
The Town Clerk, Town Hall
Skegness or email
info@skegnesscouncil.org.uk

<http://www.scapegroup.co.uk/services/procure/frameworks/>



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Your Reference: **Appendix A**
Our Reference: LDR/LM/
Contact: Cllr. Mr. C. Leyland
Direct Dial: 01507 613412
Email: craig.leyland@e-lindsey.gov.uk
Date: 26 June 2018

Dear Mr Lerner

SUBJECT TO CONTRACT

Proposed Transfer of Assets East Lindsey District Council to Skegness Town Council

Further to the recent discussions with Cllr. Fry and Members of your own Council I am delighted to hear that good progress has been made in agreeing a range of assets that could be transferred as detailed on the attached schedule.

Whilst I appreciate that at your most recent meeting held on the 12th of June it was the intention for a report to come to the Executive Board on the 11th of July. Unfortunately this tight timeline has not been possible to meet. I am therefore writing to you as Leader of the Council to confirm that I have instructed officers to bring a report to the next Executive Board meeting to be held in September recommending that the transfers be agreed at the following Full Council meeting scheduled for the 10th of October 2018.

The final decision will be made at Full Council but please accept this letter as a clear show of intent that the Executive Board are fully supportive of the proposed transfers.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Craig Leyland', written in a cursive style.

Councillor Craig Leyland ,
Leader,
East Lindsey District Council.

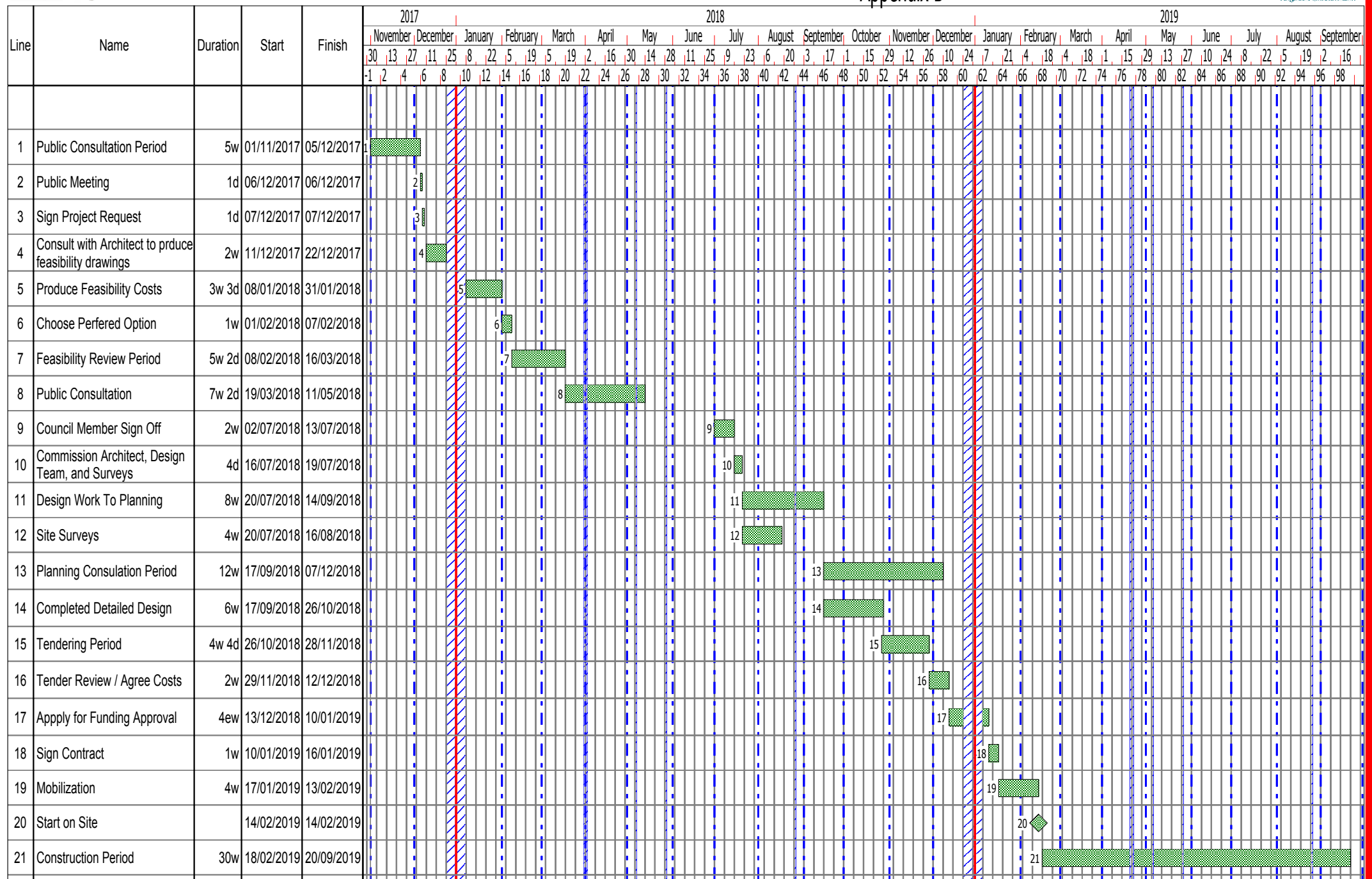


Tower Gardens - Pre-Construction Programme

Skegness Town Council



Appendix B



Amenity Verge Staff Resource Proposals

Current Approved Posts:-

Full Time Senior Grounds Person – Annualised Hours

Grounds Person – Annualised Hours (Spring to Autumn)

Apprentice – Full Time

Currently in post:-

Full Time Senior Grounds Person – Annualised Hours

Grounds Person – Annualised Hours (Spring to Autumn)

Seasonal Worker (until end September)

Work Placement

Proposed from 1st August 2018:-

Full Time Senior Grounds Person – Annualised Hours

Grounds Person – Annualised Hours (Spring to Autumn)

2 x Temporary Grounds Person (on an as required basis through until March or until the longer-term requirements are known.

As the grass cutting diminishes, the temporary staff may be used in the cemetery to free up resources so that the Foreman can assist with the preparation of the work needed to take on the new assets.

The proposal is therefore to establish a provision which the Town Clerk can use to fund the extra resources rather than create permanent or fixed posts at this point. Only hours required will be used and the aim to keep costs to the minimum with any of the provision unspent flowing back into reserves.

PROPOSED PROVISION FOR 2018/19 - £19,000

APPENDIX D

Principal Current Equipment for Verge Cutting Team

ITEM
Flat Bed Van
Husqvarna Ride on (inc extra deck)
3 x 21" Sthil Mulch Mowers
2 Sthil Strimmers
1 Blower

Proposed Additional Equipment

ITEM	BUDGET ESTIMATE
Walk behind/ Stand-on mower 48"	£8000
Trailer*	£3500
Additional Tow Bar for Van	£500
TOTAL	£12000

* will require a Vehicle Operator's Licence as the total weight with vehicle will exceed 3500kg

Currently 4 staff members have driving licenses that enable the towing of this size of trailer.

BUSINESS PLAN SUMMARY ORIGINAL BUDGET

Revenue Budget Group

	2018/19 Budget (£)	2019/20 Budget (£)	2020/21 Budget (£)	2021/22 Budget (£)
Expenditure:				
Employee Costs:				
Total Employee Costs	249,964	272,871	280,027	291,043
Premises - Town Hall:				
Total Town Hall Costs	13,646	3,455	-	-
Premises -Units				
Total Industrial Units Costs	16,132	16,132	16,132	16,132
Supplies and Services:				
Total Supplies and Services	18,775	18,800	18,900	19,000
Professional Fees:				
Total Professional Fees	3,800	3,845	3,900	3,950
Grants and Donations:				
Total Grants and Donations	4,500	4,500	4,500	4,500
Democratic and Civic:				
Total Democratic and Civic	22,130	22,350	22,350	22,350
Publicity and Marketing:				
Total Publicity and Marketing	18,700	18,700	18,700	18,700
Allotments:				
Total Allotments	850	850	850	850
Public Property				
Total Public Property (General)	43,000	37,100	45,100	43,100
Business Plan Objective J (Community Hub):				
Other Staff Costs	7,000	14,000	14,000	14,000
Caretaker/Cleaner	-	5,000	10,000	10,000
Other Building Running Costs	-	7,000	9,500	10,500
Business Rates	-	11,000	21,000	21,000
Energy, Water, Sewerage and Waste	-	5,000	9,000	9,000
Contingency	43,100	9,500	-	18,540
Total Business Plan Objective J	50,100	51,500	63,500	83,040
Business Plan Objective H (Asset Transfer):				

Tower Gardens Running Costs	19,000	62,850	63,927	64,414
Tower Gdns Assets and Carpark	150	3,275	6,580	6,611
Skegness Amenity Areas	-	13,969	35,621	36,333
Total Business Plan Objective H	19,150	80,094	106,128	107,357
Revenue contribution to Capital Programme	12,000	-	-	-
Capital Financing Costs	5,000	65,000	74,500	74,500
TOTAL REVENUE EXPENDITURE	477,746	595,196	654,586	684,522

Funded by:				
General Income	4,750	4,850	4,850	4,850
Interment Fees	5,000	5,250	5,250	5,250
Grave Fees (exclusive rights)	14,000	14,700	14,700	14,700
Grave Digging Fees	12,000	12,600	12,600	12,600
Memorial Permits and Licenses	7,000	7,350	7,350	7,350
Allotment Rents	2,940	2,940	3,100	3,100
Churchyard Service Charges	4,770	4,870	4,970	5,000
Business Plan Objective J Income (net of expenses)	-	1,000	11,670	19,040
Car Park Fees	-	24,700	24,700	24,700
Rent (Estimated)	12,500	50,000	50,000	50,000
Toilet Income	250	13,000	13,000	13,000
Precept (as approved at Council Jan 2018)	435,637	456,341	478,025	500,751
Use of Reserves	- 21,101 -	2,405	15,000	5,000
Additional Precept Required	-	-	9,371	19,181

This matches 2018/19 final budget sheet

TOTAL FUNDS	477,746	595,196	654,586	684,522
TOTAL PRECEPT REQUIREMENT	435,637	456,341	487,396	519,932
Estimated Change to Precept %		4.75	6.81	6.68
Estimated Increase Per Band D Per week		0.07	0.11	0.11

Capital Budget

Business Plan Objective:				
A ECONOMIC DEVELOPMENT	-	-	-	5,000
B	-	-	-	-
C COMMUNITY COHESION	-	-	1,500	-
D NDP	37,000	-	-	-
E	-	-	-	1,000
F	-	-	-	-
G	-	-	-	-
H ASSET TRANSFER	12,000	-	-	-
I	-	-	-	-
J COMMUNITY HUB (Estimate)	600,000	945,000	-	-
K	-	-	-	-

TOTAL CAPITAL EXPENDITURE	649,000	945,000	1,500	6,000
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Funded by:

Revenue Contribution to Capital Programme	12,000	-	-	-
Borrowing	455,000	900,000		
Use of Reserves	166,000	45,000	-	-
Anticipated Grants NDP	16,000	-	-	-
Funding not yet identified	-	-	1,500	6,000
TOTAL CAPITAL FUNDING	649,000	945,000	1,500	6,000