

Community, Leisure & Recreation Committee

Date:	24 October 2017
Title:	Cricket Club Clubhouse Redevelopment
Contact Officer:	Graham Hunt, Town Clerk Janine Howells, Asset Manager

Purpose of this Report

1. To provide a verbal / written update on the progress of the redevelopment of the Cricket Club clubhouse.
2. To recommend that in order for the project to succeed, additional funding needs to be allocated.

Update

3. Much has happened since the last report to the Community, Leisure and Recreation (CLR) Committee on 25 July 2017, with Councillors being kept informed of both knock backs and progress in that interim period.
4. At the CLR meeting on 25 July 2017 it was reported that following the call for tenders, three tenders had been received and were opened that morning. Ridge and Partners LLP had commenced their tender evaluation. A further tender was submitted in the afternoon of 24 July 2017.
5. At the same CLR meeting, it was resolved that the Cricket Club Clubhouse Redevelopment Working Group (CCCRWG) be given delegated authority to enter into relevant contractual agreements on behalf of the Town Council, subject to sufficient funding being secured.
6. Unfortunately, none of the tender values were within the funding available, which was one of the risks identified in the last report to CLR.
7. The CCCRWG met on 10 August 2017 to discuss the tenders in detail and establish a way forward, with Councillors informed of outcomes on 11 August 2017. After much discussion it was agreed that the four contractors who had submitted tenders should be invited to submit a revised build tender, based upon a reduced scope, suggested value engineered savings and limited to the funding available.
8. A sub-group of the CCCRWG met on 17 August 2017 to discuss and analyse funding / cost / spend spreadsheets in great detail. They ultimately established that the latest "build funding" available was £780,000 including £50,000 contingency, taking into account the separate £120,000 of "client side" known cost. i.e. total funding available at that time was around £900,000 (which includes an adjustment for cricket club VAT). At the time there was potential of a further £78,333 funding but none was confirmed, so could not be relied on for contractual purposes.
9. A press release was issued by the Town Council on 29 August 2017 with an explanatory update on the project. At the same time a further update was provided to all Councillors.

10. On 25 August 2017 Simon Keen of Ridge and Partners LLP invited the four original tenderers to submit a revised tender with a closing date of 25 September 2017. A further e-mail was sent on 30 August 2017 seeking contractor intentions, and three stated that they would be submitting revised tenders.
11. In the meantime the Cricket Club had been working hard on generating further funding from a wide variety of sources. A major grant provider increased their funding by £30,000. Members of Thame Cricket Club have agreed debentures of £41,500 and various sponsors, crowd funding and loans have also been confirmed. A confirmed loan from a brewery was also replaced by a smaller fixed sponsorship. The Thame and District Day Centre have agreed in principle a forward payment for rental. The net effect of all the changes is that confirmed total project funding is now £950,425. Work continues and a further possible £106,000 has been identified, but not yet secured.
12. On 25 September 2017 revised bids were received from three tenderers, of varying levels of quality, but all still in excess of the increased funds available.
13. Simon subsequently undertook a re-tender evaluation and reported this to CCCRWG at a meeting on 5 October 2017. It was agreed by the CCCRWG that the recommendations made by Simon should be taken forward. i.e. that further discussions are to be held with Tenderer A, who had made the most effort to accommodate our available funding, (and were also the lowest tender and shortest construction period) to investigate if further cost savings can be found that will bring their tender sum within the project budget. An update was provided to Councillors on 6 October 2017 warning of the continued funding shortfall and a proposal to address that at this CLR meeting and subsequent Council meeting.
14. Simon and members of the Cricket Club met with Tenderer A on 10 October 2017 for detailed negotiations on exact inclusion and exclusion of items within the project. Some items can be dropped completely; others will be taken on by the Cricket Club (with reduced costings moved to the “client side”) while others can be reduced in cost via use of the ECB’s “CricketForce” initiative. Tenderer A is also actively working on various lines where there has been a query as to the cost quoted / opportunities for further saving have been identified. Further updates were shared with the CCCRWG on 13 October 2017. Final cost saving details are still to be established.
15. The lead in period for the project commencement is 6 weeks, followed by a contract period of 40 weeks, although Christmas could have an impact on exact timings.
16. Separately, following the Town Clerk’s meeting with the Council’s solicitor, revisions to the Drafts of the Agreement to Lease, the Partnership Agreement (now called “An Agreement to Work Together”) and the revised 99 year Lease (all between the Cricket Club as Tenant and Town Council as Landlord) have now been shared with the Cricket Club and their solicitor. A comprehensive line by line walk through with the Cricket Club is planned for 20 October at which it is hoped both parties can agree the final documentation for sealing. At the CLR meeting held on 25 July 2017, it was resolved that CCCRWG be given delegated authority to seal such agreements / leases on behalf of the Council, subject to its own due diligence.

17. Officers continue to manage the project in line with the financial contribution of £120,000 as agreed by Council on 27 October 2015. Total funds committed as at 9 October 2017 was £93,633.21 of which £74,613.29 has been invoiced and paid.
18. However there is still a potential gap in overall project funding of up to £200,000. That gap could reduce to £50,000 as further cost savings materialise and further funding is secured.
19. The project is facing a critical risk in that if build contracts are not significantly progressed by the end of the year, then one of the key funders would withdraw their funds of £180,000 + £50,000 loan and the project in its current form will fail. A significant part of the already sunk costs of £93,633.21 would also be lost.
20. It is therefore proposed that Thame Town Council reconsiders its funding position, and in effect underwrites the project so that it can proceed as originally planned. This would need three separate agreements as follows. Ranges are defined given the current uncertainties on cost savings / additional funding separately underway:
- a) To increase the £120,000 core funding allocated by £60k-£80k, from the Capital Receipts Reserve. The original £120k was 15% of overall project estimated cost at that time. Assuming overall project cost is now £1.1m, then £180k would be 16.3% and £200k would be 18.2%.
 - b) Given that the new pavilion will partially satisfy some community facility aspects (there is already an in principle agreement that Thame and District Day Centre will relocate), then to consider allocation of £30k-£50k of the £330k of s106 funds generically allocated to Community Facilities.
 - c) To provide an unsecured loan of £20k-£40k to the Cricket Club from the Capital Receipts Reserve, at zero interest, for repayment at a reasonable yearly rate from year 5 onwards.

If all three recommendations are accepted, then an additional £106k-£166k (allowing for cricket club VAT) would be secured which would make it safe for Thame Town Council to enter into the relevant building contract with Tenderer A. The Town Clerk will allocate the minimum total funding required, against each of the three categories in order i.e. if less than £80k additional funding is required, only item (a) will be triggered, and item (c) would only be triggered if more than £130k additional funding was required.

21. The alternative is to abandon the project, write-off the sunk cost and restart on a smaller scale.
22. In the event of underwriting being authorised, the CCCRWG will additionally ensure that there is no let-up in the additional funding / cost saving efforts, and that above all else, the CCCRWG will work to ensure the absolute minimum of underwriting eventually required.

Action Required

23. To note the report.
24. To consider the additional funding proposals as defined in paragraphs 20 and 21 and make a recommendation for Council to consider on 14 November 2017.