

Report of:	Meeting	Date	Item No.
Cllr Alan Vincent, Resources Portfolio Holder, Michael Ryan Corporate Director of People and Places and Philippa Davies, Corporate Director of Resources.	Cabinet	15 January 2014	8

**Fleetwood Market – Provision of nine self-contained external units**

**1. Purpose of Report**

- 1.1 To report on the capital overspend in relation to erection of the self-contained external units at Fleetwood Market.

**2. Outcomes**

- 2.1 Compliance with the Council's Financial Regulations and Financial Procedure Rules in respect of contracts where the final expenditure exceeds the approved budget and/or contract sum by either 10% or £20,000 whichever is the lesser.
- 2.2 The new units will generate additional income in rental and service charges.

**3. Recommendations**

- 3.1 That the explanation of the variations to the budget is noted.
- 3.2 That the most recently reported 2013/14 Capital Budget and its funding be updated to reflect a saving of £1,377.

**4. Background**

- 4.1 Budget provision for 8 additional units was initially included in the 2010/11 Capital Programme following consideration of a new capital growth bid by the Budget Scrutiny Group and agreed by Cabinet at its meeting on 7 December 2009. Delays in confirming the exact details of the works, changes in staffing and the need to avoid disruption during

peak trading times resulted in the budget provision slipping to 2011/12, as approved at Audit Committee 28 June 2011.

- 4.2** On 13 October 2011 a report was submitted to the Resources Portfolio Holder seeking agreement to the increase from 8 outside units to 9 outside units and approval was given.
- 4.3** Again it was reported in the 2011/12 Final Accounts report to the Audit Committee 26 June 2012 that the scheme had slipped to 2012/13 due to issues with construction start dates and peak season trading days.
- 4.4** The successful tender was received February 2012 from R. Walker & Sons (Preston) Ltd. The contractor agreed to hold the tendered price until the revised start date of 9 January 2013 to minimise any potential impact on the market traders.

## **5. Key Issues and Proposals**

- 5.1** The winning tender price fell within the previously approved £114,664 budget. However, before works commenced on site it became apparent that the proposed units were to be built over a public sewer. The sewer was 4.5m deep which meant that to overcome this issue a specialist foundation had to be designed by a structural engineer. This resulted in an additional cost of £7,900.
- 5.2** At the initial tendering stage it was envisaged that our in house property team would do some of the alterations to the existing market building before works commenced by the contractor. However, by the time work was due to start, internal restructures had taken place and we asked the contractor to carry out the alterations costing £6,366.
- 5.3** Following the tender process and due to demand it became apparent that there would be need to provide a fitted out café unit. This again increased the build cost by a further £14,879.
- 5.4** As part of the café works we managed to make some savings by reducing the number of automated shutters required and reducing the number of block walls separating the units. This resulted in a saving of £4,522.
- 5.5** The scheme was completed in April 2013 and is providing a more commercial and diverse offer on the outside market. An increased revenue stream has resulted.

<b>FINANCIAL AND LEGAL IMPLICATIONS</b>	
Finance	The total spend was £139,287 which is £24,623 more than the original approved 2011/12 budget. The amended rental income is now £26,200 per annum compared with £20,700 in the original approval. This figure includes £2,700 per annum that will allow us to replace the pop up units every three years helping to maintain a cleaner more professional aesthetic to the market. Although there is an overall overspend the phased 2013/14 capital budget had assumed additional costs which have not been needed and there is therefore a saving of £1,377 this year which will result in a reduced requirement to use Capital Investment Reserve funding.
Legal	The contractor R. Walker & Sons (Preston) Ltd. who was appointed to carry out the works, was procured in accordance with the council procedures.

### **OTHER RISKS/IMPLICATIONS: CHECKLIST**

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

<b>Implications</b>	<b>✓ / x</b>
Community Safety	x
Equality and Diversity	x
Sustainability	x
Health and Safety	x
Asset Management	✓

<b>Risks/Implications</b>	<b>✓ / x</b>
Climate Change	x
Data Protection	x

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<b>List of Background Papers:</b>		
<b>Name of Document</b>	<b>Date</b>	<b>Where available for inspection</b>

### **LIST OF APPENDICES**

arm/ex/cab/cr/14/1501jh1