

**A REPORT OF THE TOWN CLERK TO
AN EXTRAORDINARY MEETING OF MALVERN TOWN COUNCIL
to be held on Thursday 29 July 2021
at the Eden Centre, Grovewood Road, Malvern, WR14 1GD at 6.00 pm**

VICTORIA PARK PAVILION PROJECT

1. Purpose of Report

1.1. For decision.

2. Recommendations

2.1. That a new two-storey building be built at Victoria Park to replace the existing pavilion. This to include a café, meeting room for community use, public toilets and sports facilities as in the original single-storey proposal agreed by Full Council, but it will also allow the relocation of the Town Council offices to better serve the community.

2.2. To engage Modulek as the chosen successful contractor for the new building with a maximum budget of £1.5 million.

2.3. That subject to Council agreeing 2.1 and 2.2 above, a fully-costed business case should be prepared to agree the funding arrangements for this project including the options of a Public Works Loan Board (PWLB) loan, sale of Belle Vue Terrace and commercial viability of retaining Belle Vue premises as an ongoing investment.

3. Background

3.1. There have been problems experienced with the pavilion at Victoria Park for many years including poor sight lines and visibility leading to vandalism and antisocial behaviour, poor build quality leading to ever increasing maintenance costs and the overall layout no longer being suitable for users' needs. The main boiler in the pavilion is now obsolete, the building is situated too low within the park and the frequent vandalism and misuse of the public toilets mean that they remain closed unless the park keeper is on duty.

3.2. In December 2018, Full Council agreed that a bold and imaginative scheme should be drawn up to redevelop the pavilion at Victoria Park.

3.3. Having agreed that the building was not suitable for refurbishment, Council agreed a single-storey building to include a cafe, meeting room, sports changing rooms and public toilets, and following a tender process Full Council agreed to appoint a contractor to develop a new high-quality, eco-friendly pavilion at a cost of £500,000 plus VAT.

3.4. As the concept and design for this building was progressed, and the elements of the new pavilion were explored in more detail, members of the task and finish group suggested that as part of this new building, the Town Council offices could be moved and incorporated as a second floor to the building. This would provide an onsite presence at the park as well as allow the Town Council offices and staff to better serve the local community.

- 3.5. In November 2020, Full Council resolved that a second tender process should be carried out to research and evaluate a possible larger project with increased scope for community facilities at Victoria Park.
- 3.6. The Victoria Park Pavilion Task and Finish Group put together a new tender specification, received presentations from possible contractors and reviewed the scope of both the smaller and larger projects and have now put together three recommendations for consideration by Full Council.

Recommendation 1

After researching and evaluating the option of a larger project, the Task and Finish Group are recommending that a two-storey pavilion should be built at Victoria Park to replace the existing pavilion. This will include a café, large meeting room, public toilets, facilities for users of the park’s sports facilities as well as the relocation of the Town Council offices.

A brief summary of the difference between the original project and the recommendation for a two-storey building is included in the table below;

	ONE-STOREY	TWO-STOREY
Area	Three pods totalling 250 m ²	Ground Floor – 290 m ² First Floor – 242 m ²
Cost	£500,000 plus VAT	£1.2 million plus VAT
Café and Facilities	Café seats 24 inside and has an outside deck. Full serving area, store, and kitchen.	Café to seat 30 inside and 30 outside. Full serving area, store, and kitchen
Toilets	Public toilets to be accessible inside and outside, plus toilets for the meeting room.	Public toilets to be accessible inside and outside, plus toilets for the meeting room.
Meeting Room	Meeting room 50 m ² for 23 people. Meeting room available to be hired out for community use.	130 m ² of meeting room space plus storage for chairs and tables. Meeting room to be used for both Council meetings and hired out for community use.
Sports facilities	2 changing rooms with showers 52 m ² .	Locker room to be provided.
Council Offices/reception	No staff on site.	First floor to contain Council offices and downstairs lobby as a reception area / community information point.

Within the plans for the two-storey building, are that it would be constructed at a higher level for better visibility and connectivity with the park. In addition, the larger footprint of the building would necessitate moving the skateboard park to a more visible area.

The Task and Finish Group consider that the relocation of the Council offices should be recommended for the following reasons:

- The Town Council offices are currently not very accessible to members of the public and their relocation to Victoria Park would provide easier access, parking nearby and the ability to have a designated reception space.
- It would provide an onsite presence at Victoria Park to help reduce anti-social behaviour and ensure the smooth running of sports facilities.
- A new and eco-friendly building would help to support the Council's commitment to reduce its carbon emissions in the long term.
- The current council building is far larger than the Council's needs.

Recommendation 2

Victoria Park Pavilion Task and Finish Group finalised a tender document for a larger two - storey building and invited interested parties to submit their tenders by the middle of April 2021. Seven tender documents were received and of these four companies were selected to make a presentation to the task and finish group.

Members of the group considered and marked the four tenders based on the criteria set out in the tender document and the group selected Modulek as the successful contractor for this larger project, should it be agreed by Council.

Since this time, a visit has taken place to view some Modulek buildings and a number of discussions around possible designs have taken place. The final details of the design are yet to be finalised as a public consultation would need to take place with local residents and users of the park.

Recommendation 3

In financing this project there are a number of different options to be considered and Council is asked to agree recommendations one and two in principle, and then to resolve to delegate the task and finish group to fully cost and recommend the final financing arrangements for this project.

The elements of funding to be discussed are as follows:

- a) Level of Council reserves to be used to fund this project. Officers are advising that £300,000 could realistically be put forward.
- b) Sale of Belle Vue Building: An initial valuation has indicated that Belle Vue building could be sold in its present state for in the region of £675,000. The Council may wish to consider putting the building up for sale to test the market. If Belle Vue Building is sold, this would reduce the overall loan amount required.
- c) Retaining Belle Vue Building. It has been suggested that even if the Town Council offices are moved to Victoria Park, Belle Vue premises could be retained as a property investment, with all areas of the building let out commercially. Substantial investment would be required to improve the condition of the building and a property management firm would need to be engaged to manage the building on the Town Council's behalf. However, a professional commercial viability study for this proposal would allow the Town Council to assess possible income streams from this investment as well as the possible appreciation of the building as an asset.
- d) A Public Works Loan Board Loan. Town Councils can access low-rate loans through the PWLB. The amount of loan for the smaller project agreed by Council in March 2020 was projected at £300,000. The amount required for

the larger two-storey building would be between £650,000 and £1,140,000 dependent on the decision regarding the sale of Belle Vue building.

e) An application for funding from Section 106 funds.

3.7. A final recommendation on the financing proposal should be brought back to Full Council as soon as is feasibly possible.

4. Financial Implications

4.1. Full Council has already agreed funding for the single-storey pavilion at £500,000 + VAT.

4.2. The two-storey pavilion would have a maximum budget of £1.5 million.

4.3. Please refer to Appendix A for information on possible loan repayments, interest paid and how this relates as a percentage to the Council's annual precept.

4.4. The Task and Finish group would require a budget in order to procure professional advice in the preparation of a full business case for the funding arrangements for this project. It is suggested that this is taken from the £40,000 budget allocated towards professional fees for this project.

5. Legal Implications

5.1. The Town Council is the legal owner of Victoria Park and 28-30 Belle Vue Terrace.

5.2. If the Council wishes to do something which involves capital outlay, it will have to choose between five ways of covering the cost. These are the sale of an asset or assets, payment by instalment, accumulation in advance, borrowing or some combination of these.

5.3. To borrow from the Public Loan Works Board, English Town Councils needs a borrowing approval from the Ministry of Housing Committee and Local Government. Loans are secured on the revenues of the Council and not on the Council's property.

End

Linda Blake
Town Clerk

<u>Project 1 Agreed by Council in March 2020</u>			Funding	Amount	
	Build	£600,000	Reserves	£300,000	
			Funding from PWLB	£300,000	
			Total	£650,000	
Loan Repayment					
Length	Interest Rate	Annual Repayment	% of Precept	Overall Payment	Total Interest
20	1.85%	£18,014	2.64	£360,284	£60,284
25	2.02%	£15,343	2.25	£383,580	£83,580
30	2.14%	£13,603	1.99	£408,083	£108,083

<u>Project 2 Two Storey With Sale of Belle Vue</u>			Funding	Amount	
	Build	£1,440,000	Sale of Belle Vue Terrace	£675,000	
			Reserves	£300,000	
			Funding from PWLB	£465,000	
			Total	£1,440,000	
Loan Repayment					
Length	Interest Rate	Annual Repayment	% of Precept	Overall Payment	Total Interest
20	1.85%	£27,922	4.09	£558,441	£93,441
25	2.02%	£23,782	3.48	£594,549	£129,549
30	2.14%	£21,084	3.09	£632,528	£167,528

Project 2 Two Storey Retaining Belle Vue			Funding	Amount	
	Build Total	£1,440,000	Reserves	£300,000	
			Funding from PWLB	£1,140,000	
			Total	£1,440,000	
Loan Repayment					
Length	Interest Rate	Annual Repayment	% of Precept	Overall Payment	Total Interest
20	1.85%	£68,454	10.02	£1,369,081	£229,081
25	2.02%	£58,304	8.54	£1,457,603	£317,603
30	2.14%	£51,690	7.57	£1,550,714	£410,714

Footnotes

There has not been a contingency amount included in these figures, but it is anticipated that some Section 106 funding will be secured and that this will more than offset any required contingency.

The Modulek costings for the two-storey building include a £60,000 capped contingency fund to cover any extras incurred as long as they are in line with the original inclusions.

The interest difference for the larger project when retaining Belle Vue is as follows:

No of Years

20	-£135,640
25	-£188,054
30	-£243,186