

Finance and Budget Committee

10.00 a.m., Thursday 29 November 2012

Craigmillar Hearts Supporters Club 201 Craigmillar Castle Avenue

Item number	7.10
Report number	
Wards	3, Portobell/Craigmillar

Links

Coalition pledges	Not applicable
Council outcomes	Not applicable
Single Outcome Agreement	SO4

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Executive summary

Craigmillar Hearts Supporters Club 201 Craigmillar Castle Avenue

Summary

Following the destruction by fire of premises at 1B Harewood Road, Craigmillar which was owned by the Council and occupied on an annual lease by Craigmillar Hearts Supporters Club, the Finance and Resources Committee at its meeting of March 2006 approved the principle that the funds arising from the Council's insurance settlement be allocated to provide alternative accommodation for the Club. After the consideration and rejection, on various grounds, of a number of possible solutions a suitable Council owned property at 201 Craigmillar Castle Avenue has been identified.

A design team was appointed in December 2011 to provide a Feasibility (Design Stage C) Report and although the estimated cost contained within this report is over the available budget for the project, the design team are confident that, given the current competitive state of the construction market and potential savings already identified, the tender cost of the project, adjusted as necessary, can be brought within budget.

The cost of the project can only be fully determined on receipt of competitive tenders. The purpose of this report is to update the Committee and to seek approval to the necessary expenditure to instruct the design team to proceed to the preparation and receipt of tenders.

Recommendations

In order to progress the Council's commitment to identify and provide replacement accommodation for Craigmillar Hearts Supporters Club. Committee is recommended to approve the instruction of the design team to progress the design and preparation of production information and invite tenders for the proposed refurbishment of the former health clinic at 201 Craigmillar Castle Avenue.

Further approval is sought following the tender exercise and prior to the appointment of a contractor and,

It is also recommended that the provisional terms agreed for the lease of the premises to Craigmillar Hearts are reported back to Committee for approval.

Measures of success

Not Applicable.

Financial impact

There are no capital or revenue budget allocations for this project. The design team fees would be funded from the available balance of the insurance settlement of £655,000. If the conversion of the clinic was to subsequently be approved and to proceed, the Council's financial commitment would be limited to the remaining balance of this settlement.

Equalities impact

There are no direct equalities impacts arising from this report.

Sustainability impact

There are no adverse environmental impacts arising from the recommendations contained in this report. Environmental issues would be addressed as part of the planning process.

Consultation and engagement

Not applicable.

Background reading / external references

- Minute of Property Strategy Group 10 January 2012
- Minute of Property Strategy Group 13 December 2011
- Report to Property Strategy Group 15 November 2011
- Report to Finance and Resources Committee 31 March 2009
- Minutes of Finance and Resources Committee 31 March 2009
- Report to Finance and Resources Committee 17 June 2008
- Minute of Development and Scrutiny Panel 3 May 2006
- Minute of Executive of the Council 14 March 2006
- Report to Executive of the Council 28 February 2006
- Report to Property Services Committee 12 April 2000

Craigmillar Hearts Supporters Club 201 Craigmillar Castle Avenue

1. Background

- 1.1 In August 2005, premises, at 1B Harewood Road, Craigmillar, owned by the Council and leased to the Craigmillar Hearts Supporters Club (CHSC), were destroyed by fire.
- 1.2 The premises had originally been built by CHSC on land which was leased from the Council. On the expiry of the lease in May 2005 the ownership of the building passed to the Council and the Club was granted an annual tenancy of the building.
- 1.3 Following the fire the Council submitted and settled an insurance claim with its insurer.
- 1.4 The Club requested that any funds received from the insurance settlement be used to provide alternative, permanent accommodation and the Executive of the Council, at its meeting of 14 March 2006, accepted the principle that the insurance settlement figure be allocated to fund the provision of replacement, leased premises for CHSC.

2. Main report

- 2.1 The building was insured by the Council as landlord and following the fire in 2005 the Council's insurers agreed a settlement figure of £618,000. In March 2006 the Executive of the Council approved that the settlement figure be allocated as a contribution to PARC in order to fund the provision of replacement, leased accommodation to the Club within its regeneration strategy for Craigmillar.
- 2.2 Following the fire, PARC expressed a strong interest in acquiring the site at 1B Harewood Road as part of the implementation of its proposals for Craigmillar Town Centre. To support PARC's objectives efforts were made to identify an alternative site for replacement premises.
- 2.3 PARC subsequently identified a site at Greendykes Road as a potentially suitable alternative to accommodate the Club as part of a larger development.

- 2.4 In June 2008 the Finance and Resources Committee approved this proposal on the basis of PARC transferring the completed premises back to the Council who would then grant a lease to the Club.
- 2.5 In March 2009 the Finance and Resources Committee approved the disposal of the site of the Club's former premises at Harewood Road to PARC to facilitate redevelopment proposals.
- 2.6 In mid 2009 PARC withdrew from the delivery of the Greendykes Road development. The balance of the original insurance settlement plus interest on this sum and allowing for the reimbursement of some of PARC's design fees associated with this site now stands at circa £655,000.
- 2.7 Following the withdrawal of PARC's involvement, several options to advance this project have been considered and these considerations have ruled out a Council lead development at Greendykes Road, leaving the Club's preferred option of identifying an alternative site.
- 2.8 On this basis, the Council owned former health clinic at 201 Craigmillar Castle Avenue, which has stood empty for approximately six years, was identified as having potential for conversion. The Club inspected the property and agree its suitability. The Council's Property Strategy Group considered it appropriate to appoint a design team to work up proposals to Design Stage C (concept design, outline specification and estimated cost plan) for converting the former health clinic.
- 2.9 Working with the Club to establish the design brief, the design team have now produced their Feasibility (Stage C) Report for the conversion of the premises at 201 Craigmillar Castle Avenue for use by the Club.
- 2.10 This report indicates a construction cost (including fees and contingencies) of approximately £701,500) whilst the Council's Project Manager, Faithful and Gould, indicate that the total Project cost is likely to be nearer £665,000.
- 2.11 This is over the project budget of £655,000 but the design team are confident that, given the competitive nature of the construction market and potential savings already identified, the project can be delivered within budget. This will however, only be confirmed on the receipt of tenders and the agreement of any adjustments necessary as a result.
- 2.12 In order to progress the project, the Project Manager requires to be instructed to proceed to develop more detailed proposals and specifications, to enter into initial discussions with statutory authorities, to prepare and lodge a planning application, to carry out necessary surveys, refine the Cost Plan in line with the developing detailed design and to prepare tender documentation. The additional fees associated with this, and contained within the reported Project Cost are approximately £29,171. As indicated by the Project Manager these fees are made up as follows:-

• Project Manager	£2,314
• Quantity Surveyor	£3,448
• Architect	£10,798
• Structural Engineer	£6,551
• M&E Engineers	£4,958
• CDM Co-ordinator	<u>£1,102</u>
Total	£29,171

Should, for some reason the project not proceed beyond this stage these costs could not be recovered.

- 2.13 The major risks to the project are additional works not identified in the initial surveys required once the building, which has been disused for some time, is opened up and tenders being returned over budget. Depending on the scale of any such difficulty it is hoped that the impact can be contained within the project contingencies or from identified savings.
- 2.14 Any amendments to the proposals would be carried out in consultation with representatives of the Club.
- 2.15 CHSC intend to finance the project from activities within the Club, Notwithstanding over 5 years without a permanent home the Club has retained a membership in excess of 150. These will form the core membership which is expected to grow substantially, once the new facility is open due to its location, the lack of similar facilities in the area, the recent residential development in the vicinity and an active marketing campaign. The facility will, as before, operate as a not for profit venue available not only for members but also to the wider community as a place to socialise, for functions and for entertainment.

3. Recommendations

- 3.1 In order to progress the Council's commitment to identify and provide replacement accommodation for Craigmillar Hearts Supporters Club, Committee is recommended to approve the instruction of the design team to progress the design and preparation of production information and invite tenders for the proposed refurbishment of the former health clinic at 201 Craigmillar Castle Avenue.
- 3.2 Further approval is sought following the tender exercise and prior to the appointment of a contractor.
- 3.3 It is also recommended that the provisional terms agreed for the lease of the premises to Craigmillar Hearts are reported back to Committee for approval.

Mark Turley

Director of City Development

Links

Coalition pledges	Not applicable
Council outcomes	Not applicable
Single Outcome Agreement	SO4 – Edinburgh’s communities are safer and have improved physical and social fabric.