

# CABINET KEY DECISION

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**Subject:** Boscombe Spa Village - Revisions to Capital Programme  
**Cabinet Portfolio:** Economy and Tourism  
**Corporate Lead:** Tony Williams - Executive Director, Environment & Economic Services  
**Service Director:** Roger Brown - Service Director, Leisure  
**Meeting Date:** 28 January 2009  
**Status:** Public  
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## 1.0 Summary:

- 1.1 The report identifies the requirement for an amendment to the Capital Programme to reflect the changes in both costs and income of the Boscombe Spa Village project. The current Capital Programme has a net projected cost out-turn of £9.26 million. The updated capital estimate is now £11.07 million, but there is £1.81 million of new income anticipated from the project to balance the additional costs.
- 1.2 The project, which is now well advanced, is already having a significant impact on the regeneration of Boscombe. The highly innovative surf reef and the Overstrand complex with its associated surf pods, retail and catering activity will complete the scheme. The land-based leisure components of the scheme will be completed and fully operational in May 2009.

## 2.0 Recommendation:

- 2.1 Cabinet approves the revised budget for the Boscombe Spa Village project (as set out in Appendix 1) and recommends to Council the necessary amendment to the Council's Capital Programme.
- 2.2 That the additional funding requirement will need to call on unapplied corporate capital receipt resources, to be reimbursed from the surf pod sales receipts at the Overstrand complex.

## 3.0 Reason for Recommendation:

- 3.1 To enable the completion of the Boscombe Spa Village Project in 2009, to achieve the projected income from the project and to further stimulate economic regeneration in Boscombe.

- 3.2 To comply with the Council's financial framework which requires changes to the Capital Programme to be reported and agreed by the Cabinet and the Council.

## **Supporting Information:**

### **4.0 Background detail:**

4.1 Cabinet/Council in June 2008 approved revised costs for the Boscombe Spa Village project at a budget of £9,264,500.

4.2 The Works Programme is well under way and the following elements of the scheme have been fully delivered within allocated budgets:

- The re-build of Boscombe Pier
- Pier entrance building
- Land train garage
- Replacement toilets
- Public art
- East Overcliff car park
- Variable Message Signing
- Hard landscaping

4.3 The final stages of the scheme include the Overstrand Complex; the Surf Reef; the Surf Pods; and the Barratt's development.

4.4 The Overstrand Complex, including the fit-out by the appointed retail and catering contractors, is due to be completed for opening in May 2009. Resumption of work on the surf reef is due in April 2009 for completion by the end of next Summer. It is anticipated that the reef will be fully operational in Autumn 2009.

4.5 A summary of the scheme components, the June 2008 forecast and the final cost projections is provided at Appendix 1.

4.6 A breakdown of the variances for the surf reef and the Overstrand/highway works is provided at Appendices 2 and 3.

### **5.0 Consultation:**

5.1 Although the extent of the additional work was not fully determined, the potential budget variances were considered at Executive Gateway Board meetings on 9<sup>th</sup> and 19<sup>th</sup> December 2008. As a result of these meetings, the project management resources for delivering the final stages of the project have been strengthened following the ending of the original Project Co-ordinator's contract in December 2008.

### **6.0 Alternative options considered and rejected:**

6.1 The Council has entered into a number of capital contracts to deliver this project. A review of the future spending and income has been undertaken and this report requires confirmation of the release of additional funding to complete the scheme.

## **7.0 Summary of Financial/Resource Implications**

- **Capital** - the total capital resource required for the project, including the surf pods, is £11,072,000 as shown in Appendix 1. This represents an increase in the capital budget of £1,807,500. It is proposed that this is funded initially from corporate capital receipts pending receipt of the income from the surf pod sales.
- **Revenue** - the project is forecasted to produce an improvement in the revenue performance of £80,000 per year as reflected in the Medium Term Financial Plan and summarised in Appendix 4.

## **8.0 Summary of legal implications - including comments from the Monitoring Officer**

- 8.1 The variances to contracts have been progressed in consultation with representatives in Legal Services

## **9.0 Summary of Environmental Impact**

- 9.1 The environmental impact of the surf reef has been considered in detail and the Environment Agency is satisfied that it can be constructed without having a detrimental effect on either coastal protection or local fishing interests. A monitoring regime for coastal protection, biodiversity and fishing has been established.

## **10.0 Summary of Equalities and diversity impact**

- 10.1 The project provides improved amenities at Boscombe for the benefit of residents and visitors. Facilities for disabled persons will be further improved by the recent award of CABI Space funding of the Sea Change project which includes upgraded accessible beach hut and beach access provision.

## **11.0 Summary of Risk Assessment:**

- 11.1 The project is highly innovative and is high risk. The surf reef is a complex marine structure and the Overstrand building is an old structure in a coastal environment. The risks will continue to be managed and the highest risk areas in delivering the balance of the project include the successful completion of the reef and the sale of the surf pods.
- 11.2 The reef design and construction methodology uses the latest technology to ensure the most up-to-date knowledge, skills and construction methods. To make sure that the highly complex technical installation requirements for a tidal location in Britain are exactly right, the reef has been specifically designed for surfing conditions in that part of Boscombe, which means carefully tailored sand-bags in terms of size and where they are placed, to give a stable construction. It is a highly specialised process and expert and detailed project management is essential in order to deliver effectively. This is fully in place for the resumption of reef construction in the spring.

- 11.3 Strong interest is being shown in the surf pods despite the current economic climate. Advice has been obtained on market values and a sales strategy is being developed. The overall strategy is to realise income from sales and from hire to meet the capital and revenue requirements of the project.

**Background papers:**

- Boscombe Gardens - bid to Heritage Lottery Fund :  
Cabinet Report 8 October 2003
- Boscombe Spa Village Project:  
Cabinet Report 23 February 2005
- Boscombe Spa Village - Surf Reef Proposals :  
Cabinet Report 27 April 2005
- Boscombe Honeycombe Chine :  
Cabinet Report 30 November 2005
- Boscombe Spa Village/Boscombe Chine Gardens - Revisions to Capital Programme :  
Cabinet Report 6 September 2006
- Boscombe Spa Village - Revisions to Capital Programme :  
Cabinet Report 18 June 2008

RB/MB  
19 January 2009  
BrownR: Report: 2009: BSV-Revisions to Capital Prog

Project Budget

	Forecasted Out-turn June 08 £	Revised Forecasted Out-turn Dec 08 £	Variance £
<b><u>Expenditure</u></b>			
<b>Boscombe Spa Village:</b>			
Highways Sec 106 contribution	250,000	200,000	-50,000
East Overcliff Drive	44,000	44,000	0
Variable Message Signing	145,000	145,000	0
Land Train Garage/Pier Entrance	886,000	886,000	0
Boscombe Pier	2,289,000	2,289,000	0
Surf Reef	2,687,000	3,033,000	346,000
Public Art	225,000	225,000	0
Overstrand & Roadworks	2,547,000	3,225,000	678,000
Electrical Supply	22,000	26,000	4,000
Gas Supply	6,000	9,500	3,500
Cold Water Supply	7,000	7,000	0
BT	1,000	1,000	0
Trip	8,500	8,500	0
Land Sale Costs	36,000	36,000	0
Building Control	25,000	15,000	-10,000
Site Investigations	10,000	20,000	10,000
Communications	20,000	25,000	5,000
Project Management Costs	56,000	120,000	64,000
<b><i>Sub Total - Boscombe Spa Village</i></b>	<b>9,264,500</b>	<b>10,315,000</b>	<b>1,050,500</b>
<b>Surf Pods:</b>			
Fit-out, including CCTV costs		397,000	
Fees		235,000	
Legal Costs		60,000	
Lifeguard Tower (contribution)		25,000	
Marketing		40,000	
<b><i>Sub Total - Surf Pods</i></b>		<b>757,000</b>	<b>757,000</b>
<b>Total Expenditure</b>	<b>9,264,500</b>	<b>11,072,000</b>	<b>1,807,500</b>
<b><u>Funding</u></b>		£	
<b>Existing Approved Funding:</b>		9,264,500	
Insurance claim - copper roof		20,000	
Highway repair - recharge		11,500	
Capital receipts		1,776,000	
<b>Total Funding</b>		<b>11,072,000</b>	
<b><u>Budget Profile</u></b>	<b>2008/9</b>	<b>2009/10</b>	<b>2010/11</b>
	£	£	£
Existing Budget	4,679,328	41,470	
Revised Budget (to be supplied)			
Budget Change (to be supplied)			

Key Variances - Surf Reef*Variance Details:*

	£
Movement > 1.5 Km + grading	70,100
Sand procurement contingency (8,000 m3)	169,000
FEPA licence & remedial works	6,900
40% contribution to ASR demobilisation and remobilisation costs	100,000
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	£346,000

Key Variances - Overstrand & Roadworks

Variance details:

	£
Higher value works (£4K - £16K)	201,500
Loss & expenses claim	200,000
Copper roof repairs	74,500
Additional fees	41,000
Upgrade chalet doors	32,000
Resin lining of foul sewer to Overstrand	31,500
Additional faience tile repairs	30,000
Work done under day works to Wessex Water & small roundabout	25,000
External combined service trench	23,500
Sundry lower value works (< £4K)	19,000
	<u>£678,000</u>



Revenue Forecast

	Pre-Project £	Post-Project £
Boscombe Pier units	38,000	50,000
Overstrand retail & catering	0	80,000
Overstrand pod rentals	0	90,000
Barratt beach huts	0	14,000
Surf reef sponsorship	0	?
<b>Total Income</b>	<b>38,000</b>	<b>234,000</b>
Reef maintenance costs/monitoring		20,000
Lifeguard cover		25,000
Pier insurance		10,000
Overstrand insurance		10,000
Reef insurance - post completion		16,000
Utilities increase		5,000
Ecological monitoring of reef		18,000
Overstrand R&M and cleaning		40,000
Events programme		10,000
<b>Total Costs</b>		<b>154,000</b>
<b>Less: savings already taken within the Medium Term Financial Plan</b>		<b>80,000</b>