

**South Lakeland District Council
Cabinet**

Wednesday, 17 March 2021

Contract Award for Grange-over-Sands Lido and Promenade

Portfolio: Cllr Jonathan Brook - Deputy Leader of the Council
Report from: Director for Customer and Commercial Services
Report Author: Sion Thomas – Operational Lead for Delivery and Commercial services.
Wards: Grange
Forward Plan: Key Decision included in the Forward Plan as published on 16.02.21

1.0 Expected Outcome

Investment in Grange Lido and Promenade to:

- To open up the Lido site to the public and for it to be used by the public after being closed for 27 years.
- Re-purpose the site and undertake essential structural repair works to stop further structural decay which will only lead to increase in costs for future administrations.
- To upgrade the Grange Promenade and improve connectivity from the Promenade to Town centre
- To secure the Coastal Community Fund (CCF) investment of £1.1million for Grange and secure wider investment for the Morecambe Bay area.
- Undertake essential structural repairs to sea defences along Grange promenade.
- To upgrade the Children's play area sited on the Grange promenade, consulting with local residents and families.
- To re-surface the promenade which is showing signs of disrepair.
- To encourage greater tourism to the Grange area and wider Morecambe Bay area.
- To regenerate the site but not preclude the site being used as a Lido in the future.

2.0 Recommendation

2.1 It is recommended that Cabinet:

- (1) **Approves the scheme in order to move forward with contract award to the preferred bidder as outlined in the Part II appendix report, for the contract to refurbish the Grange Lido/ Promenade subject to grant of planning permission as outlined at 2.1(4) below.**

- (2) **Delegates authority to the Director for Customer and Commercial services in conjunction with the Operational Lead for Delivery and Commercial Services and Lead Specialist for Legal, Governance and Democracy to enter into the appropriate building contract for the works.**
- (3) **Approves the appointment of IBI Group and sub consultants through the Bloom procurement framework to undertake RIBA Stages 5 & 6 for the project and to delegate authority to the Director for Customer and Commercial Services in conjunction with the Operational Lead for Delivery and Commercial Services and the Lead Specialist for Legal, Governance and Democracy to enter into the appropriate contracts.**
- (4) **Approves the design changes for the Value Engineered scheme and delegates authority for officers to seek amendment to the current planning permission.**
- (5) **Requests Council to approve amendment of the Capital Programme to include the full value of the capital works.**

3.0 Background and Proposals

Brief History of the Grange-over-Sands Lido and Promenade Sea Wall

- 3.1 **Grange-over-Sands Outdoor Baths** (hereafter Grange Lido) is one of South Lakeland District Council's (SLDC's) most unique assets. Constructed in 1932, the open air pool remained open for 61 years before its closure in 1993 due to low usage and spiralling maintenance costs.
- 3.2 Grange Lido is constructed from a multitude of materials, including red brick, slate, concrete and render, which form the current buildings, pools, terracing, diving platforms and supporting structures. The unique attribute of Grange Lido is the main pool, which is in the cross-sectional shape of a mushroom.
- 3.3 In 2011, the site was listed by English Heritage (now Historic England) as Grade II, presenting a number protections and restrictions to future redevelopment. Although not currently on the 'at risk register', it is reasonable to assume that this will likely happen within the next 3-7 years if work does not progress with the structure.
- 3.4 Since its closure, there have been several attempts at regeneration, through public, private and mixed partnership schemes, although none have progressed to date. These have mainly been hampered by the costs associated with a Grade II status building, which have dissuaded redevelopment and investment opportunities in the past.
- 3.5 The Promenade Sea Wall is formed in concrete and is believed to have been constructed around 1900. It is located on the shoreline of Morecambe Bay, spanning approximately 1900m. The southern end of the promenade is around 250m to the south of the Lido. The Promenade wall follows the coastline, with the Lancaster to Barrow-in-Furness railway line adjacent.

Rationale for Intervention

- 3.6 Grange Lido has benefited from various surveys and concrete analysis over recent years, all of which have concluded that the structural elements are rapidly deteriorating. Poor construction, low concrete cover and high concentrations of chloride ions continue to exacerbate present conditions. This deterioration will continue to be accelerated by the exposed coastal location and subsequent harsh environmental conditions. Without immediate intervention, structural elements are at imminent risk of either partial or complete failure, which would be extremely detrimental

to a grade II listed structure. Additionally, there are health and safety risks posed to the community by these impending failures.

- 3.7 Past interventions to support the structural elements have failed and immediate intervention is required to both preserve and conserve existing buildings and structures. Without this immediate investment the Lido will continue to deteriorate, resulting in the requirement for a greater investment each year.
- 3.8 On 23 January 2019, Cabinet approval was granted to SLDC to proceed with the preferred design options for the Lido and progress to planning and listed building consent and tenders prior to returning to Cabinet to seek approval to award the contract. Proposals for the Lido include (i) backfilling and partial infill of the pools, sea tanks and subways to create a public open space; and (ii) restoring/conserving the existing concrete and masonry structures for future use. Restoration of the structures and fabric will include sensitive reinstatement of historic facades, features and details in accordance with conservation best practices and the current listing. Planning consent was awarded for these proposals in February 2020, reference: SL/2019/0803 (Appendix 1) and SL/2019/0804 (Appendix 2).
- 3.9 The Promenade Sea Wall is constructed from unreinforced mass concrete, the wall has been found to be in poor condition in various locations with repair works required along much of its length to prolong its residual life. Existing structural reports and concrete analysis have confirmed repairs are essential in order to avoid further degradation of the existing concrete, which would eventually result in total failure and reclamation by coastal tides.
- 3.10 Proposals for the Promenade include: partial hydro demolition (removal of unstable sections of the sea defence wall) to the sea defence wall and application of spray applied concrete to the sea defence wall; and a new tarmac surface and introduction of a series of free-standing interventions along the promenade. Planning approval is still outstanding. The Planning committee date for the scheme is 25 March 2021.
- 3.11 A successful bid was made by SLDC as lead authority to the Coastal Communities Fund, securing funding of circa £1.1 million towards Grange-over-Sands Lido and the Promenade stabilisation and refurbishment works. Consideration needs to be given to the CCF Bid as it is believed that if the Lido project is not taken forward, then the CCF funding will be at risk.

Tenders

- 3.12 The proposed works for both the Lido and the Promenade were tendered in March 2020 by SLDC via the Chest Tender Portal. Only two bidders returned valid tenders, both exceeding £6 million which excluded a contingency sum. To ensure value for money the scheme was re-engineered and re-tendered.
- 3.13 In July 2020, the tender was returned with again only two tenderers submitting bids. These were in the region of £6.1 and £6.2 million. Although including a contingency sum, this was still significantly over budget and therefore it was agreed with Procurement team that negotiations could commence with both tenderers to agree further value engineering options in an attempt to achieve the original pre-tender estimate.
- 3.14 Through discussions with tenderers, structural engineers and architects, viable cost engineering proposals were established, delivering an indicative project cost of £4.75 million, including contingency sum.
- 3.15 In accordance with Procurement regulations, a formal request for costs were issued via The Chest with a tender return of 6th November 2020 to provide the Council with a

range of options. Within this period, one of the tenderers withdrew from the process having secured a £26 million contract within Manchester that would prevent them from committing the resources required for this project. For further detail on the Tenders, please see Part II Appendix 3 – Tender report for further details.

- 3.16 A formal and compliant tender was returned to SLDC and outlined the following options for both the Lido and Promenade:

Option 1: Carry out all tendered work to the sea defence wall and Connectivity scheme, detailed below. Street lighting to the promenade was omitted, but costs included the necessary infrastructure for future applications. No proposed works to the Lido of any kind, with only the construction of new hoardings separating the Lido from the Promenade.

Project cost: **£2,352,195.10** Inc. Contingency/ Design Fees

Option 2: Carry out structural repairs to the sea defence wall and Connectivity scheme. Street lighting to the promenade was omitted, but costs included the necessary infrastructure for future applications. New hoarding to be erected around the Lido, with only essential and minimal structural repairs to be undertaken.

Project cost: **£2,905,692.32** Inc. Contingency/ Design Fees

Option 3a: Carry out structural repairs to Sea Defence Wall and Connectivity scheme. Street lighting has been removed from the costs but infrastructure will be installed for future installation if needed. Value engineered scheme to Lido to include for main pavilion, diving board structure, central circulation space, infill of pool and terracing etc. The proposal **included** a central water feature.

Project cost: **£5,328,903.96** Inc. Contingency/ Design fees

Option 3b: Carry out structural repairs to Sea Defence Wall and Connectivity scheme. Street lighting has been removed from the costs, but infrastructure will be installed for future installation. Value engineered scheme to Lido to include for main pavilion, diving board structure, central circulation space, infill of pool and terracing etc. The proposal **excluded** a central water feature.

Project cost: **£5,181,047.02** Inc. Contingency/ Fees

- 3.17 It is estimated that the Designer/ Project Management fees as supplied by IBI Architect including sub consultants would be in the region of **£176,778.00** (costs included above). IBI Architects are responsible for the current design proposal.

Preferred Design Option

- 3.18 Considering the options, the preferred Design Option is 3b. This proposal for the redevelopment of the Lido focuses on: executing a series of well-considered stabilisation measures to preserve the building and structural elements at greatest risk of degradation; an upgrade of the pavilion building; creation of an accessible entrance design from the promenade; and the insertion of a removable landscape intervention within the former pool area. At present, male and female changing accommodation will be mothballed for refurbishment at a future date, although secure decorative hoardings will separate these buildings from those areas of the Lido that will be fully accessible to the general public. See Appendix 4 for proposed plans and visuals.

- 3.19 Significant structural and architectural works will recreate the concrete terracing around the perimeter of the pool, including strategic repairs to the diving board structure. Following these construction activities, members of the public will have full access to the seating terraces that overlook the central pool space. Decorative finishes will be replaced with robust, marine grade products with careful selection of colour to complement the heritage of the complex and accentuate landscape proposals.
- 3.20 The pool area will be infilled with removable hard and soft landscape intervention. Using a mixture of soft and colourful indigenous planting, permeable hard surfaces and organic shaped seating, the landscape proposals strive to create a visitor destination at the Lido and promenade. Although discussions with Historic England highlighted the merits of including water within the landscape proposal (option 3a), current budget constraints restrict this option at present. However, existing design solutions will allow this to be added relatively easily should additional funding be sourced at the appropriate time.
- 3.21 From an architectural perspective, greatest attention has been given to the comprehensive refurbishment of the central pavilion to create flexible and adaptable accommodation. A contemporary design approach has been adapted, providing a modern intervention within the historic fabric of the pavilion.
- 3.22 In conclusion, the Design Option 3b proposal for the redevelopment of Grange Lido will stabilise the historic fabric of the complex; support all year round access and usage; and provide a canvas for further adaptation and growth, nurturing a sustainable economic and physical long term future.
- 3.23 Design Option 3b also includes the proposal for the redevelopment of the Promenade. Proposed repairs incorporate resurfacing to the tarmac upper surface of the promenade; and, a combination of pre-cast and in situ sprayed concrete repairs to the upper edge 'bull nose' and sea facing elevation of the sea wall. The new promenade will include a series of free-standing interventions along the pedestrian walkway. The work also includes connectivity works to link the promenade to the Town, public realm furniture, signage, new child's playground area, improvements to railings and interactive interventions along the promenade.
- 3.24 In Conclusion, officers are therefore seeking approval to seek amendments to the current planning permission for the value engineered scheme, and subject to planning approval of the Lido and Promenade scheme enter into contract with the preferred bidder to deliver the scheme. No significant changes are proposed to the design as highlighted in Appendix 4.

4.0 Consultation

- 4.1 Grange Town Council have been consulted throughout the process of the feasibility study, planning and tender process and more recently through discussions around the value engineered scheme. The Town Council are in support of the value engineered scheme but would like to see water feature (currently not included) within the scheme.
- 4.2 Officers undertook a consultation with residents in February 2020 prior to planning being submitted for the Promenade. There was general support for the works to the promenade. Consultation had already been undertaken around the Lido scheme in 2019.

- 4.3 Save Grange Lido has been consulted and SLDC continues to remain open to exploring long term and sustainable offers for the site and for Grange-over-Sands. SGL are in support of the value engineered site.

5.0 Alternative Options

- 5.1 Do Nothing: This would ultimately pass the liability to future administrations, whilst increasing any future costs of refurbishment. Structural deterioration onsite is exponential and the likelihood of having to address partial or complete structural failure onsite will increase. There is a high risk of ending up on the Historic England 'Heritage at Risk' register. There is reputational harm to the council to consider with this option, and already there is community frustration with a stop-start approach to feasibility works over the last few years. This is not a recommended route.
- 5.2 Community Asset Transfer: Site handed over to third party in its current state on a long term leasehold basis. It is not reasonable or advisable to pass on this dangerous liability to a community organisation. It is unlikely that a community organisation would take on such a liability. There are well-documented and severe structural issues on site, along with the liabilities around the sea wall and coastal defences. This is not a recommended route.

6.0 Links to Council Priorities

- 6.1 Council Plan priority economy –
- Engagement with the private sector and public sector partners will be central to the Council's approach to helping grow and develop the economy.
 - We will when opportunities present themselves make best use of our property portfolio to support economic growth, through the use of our current and future asset base.
 - Through our economic development strategy we will continue to build on our traditional strengths, and pioneer new industries that make the most of our place. We will promote new ways of working so that businesses can compete and reach their potential whilst enjoying everything that is special about living in South Lakeland.
- 6.2 Council Plan priority environment –
- We will reduce the Council's carbon emissions by reducing our energy use through the efficient management of our land and buildings and be an exemplar to others
 - We will support Cumbria County Council and local partners with their strategies for active travel.

7.0 Implications

Financial, Resources and Procurement

- 7.1. Currently the Council have budgeted the following for Grange Promenade and Lido:

Grange Promenade	£1,097,000
Coastal Communities Fund (CCF) Bid for Grange Promenade	£1,100,000
Grange Lido	£1,960,000
Grange Re-generation	£157,000

Total £4,314,000

- 7.2 Therefore an additional £867,047 will be needed to complete works on the preferred value engineering option. A review of available capital funding has been carried out by finance staff. Borrowing to fund this programme has been rejected as the proposals

do not meet the Council's criteria for borrowing, as set out in the Capital Strategy, that borrowing will only be undertaken for the vehicle and plant programme or for income generating projects which will cover the costs of interest and debt repayment. There are no capital receipts available to fund this scheme or additional capital grants. It is not appropriate to use the General Reserve to fund these additional costs as this has already been heavily used during 2020/21 to fund the impact of Covid-19 and is now below recommended levels.

The Council has earmarked a number of capital reserves for specific purposes, as set out in the Reserves policy within the Medium Term Financial Plan. It is proposed to meet the shortfall from the following sources, where the purpose of the reserve best matches the proposed works and purpose of the spend:

New Homes Bonus: uncommitted	£158,000
Local Project Reserve	£300,000
NNDR Business Rate Pool	£300,000
Locally Important Projects funding	£109,047
Total	<u>£867,047</u>

Using these reserves, for the most part created from accumulated grants over several years, will limit the flexibility within the capital programme to fund new or unexpected demands over the next 2 years.

Under the Council's Finance Procedure Rules the Cabinet is permitted to increase the capital programme by only up to £100,000. Any requests above £100,000 are required to be approved by Council.

- 7.3 With regards Revenue implications, the Council's property service provider has estimated rental figure for the main pavilion in the region of £25,160 per annum. Currently the Council spends on average, £12,000 per annum in reactive and planned maintenance for the Lido. It is expected that even with grounds maintenance, litter emptying and service contracts the expenditure per annum will be less than the rental income. Therefore running of the site is not expected to increase costs the Council in the future.

Human Resources and Customer Connect

- 7.2 There are no Human Resource implications with this report. The scheme is to be delivered by external consultants with support from SLDC's Legal, governance and democracy team, Delivery and Commercial Services team and Finance team.

Legal

- 7.3 Subject to planning permission in respect of the amended scheme, Legal will advise on the appropriate terms and conditions of the contracts for construction works and project management of the scheme to include performance bond or parent company guarantees as appropriate and any collateral warranties.

Health, Social, Economic and Environmental

- 7.4 Have you completed a Health, Social, Economic and Environmental Impact Assessment? Yes
- 7.5 If you have not completed an Impact Assessment, please explain your reasons: Please see Appendix 5.

Equality and Diversity

- 7.6 Have you completed an Equality Impact Analysis? No

7.6 If you have not completed an Impact Assessment, please explain your reasons: It is not felt necessary for this report.

Risk

Risk	Consequence	Controls required
Contract Sum is exceeded during contract.	Potential that other Capital schemes will not go forward if this scheme is over budget.	Designated Client lead for the Places programme as Client. Client to appoint Quantity Surveyor (cost consultant) to the design team to monitor the cost throughout the scheme. A Contingency sum of 6% has been included within the costings.
Programme of Works not met and the work is delayed.	Disruption to the public and business on Grange promenade.	Designated lead for Client. Client to appoint Contract Administrator to be appointed within the Design Team to manage programme of work and appropriate building contract to be used for phased completion. Phased programme has been carefully mapped out to provide as much assurance as possible.
Do nothing and maintain status quo.	Council to suffer reputational damage.	Approve the proposed investment in Grange Lido.
Do nothing and maintain status quo.	Maintenance costs will continue to rise. The building will continue to deteriorate requiring greater investment in the future.	Approve the proposed investment in Grange Lido.
No demand for the space created for rent.	Buildings and site remains vacant.	Discussions to be started with local businesses and local community groups to push the space for rent.

Contact Officers

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Appendices Attached to this Report

Note – In accordance with Section 100B(2) of the Local Government Act 1972, copies of Appendix 3 are excluded from inspection by members of the public as the report contains information as described in Schedule 12A of the Act, as amended by the Local Government (Access to Information) (Variation) Order 2006, as follows:-

- Information relating to the financial or business affairs of any particular person (including the authority holding that information). (Paragraph 3)

Appendix No.	Name of Appendix
1	Planning Consent ref: SL/2019/0803
2	Planning Consent ref: SL/2019/0804
3	Part II - Tender Report
4	Proposed Plans and Visuals
5	Health, Social, Economic and Environmental Impact Assessment

Background Documents Available

Name of Background Document	Where it is available
Historic England Listing for Grange Lido	https://historicengland.org.uk/listing/the-list/list-entry/1402086
Meeting of Full Council, Tuesday 18 th December 2018 – C/53 and C/54	http://democracy.southlakeland.gov.uk/ieListDocuments.aspx?CId=120&MId=4457&Ver=4
Meeting of Cabinet, Wednesday 19 th September 2012 - CEX/64	http://democracy.southlakeland.gov.uk/mgAi.aspx?ID=2566
Meeting of Cabinet, Wednesday 23 rd January 2019 - CEX/72	https://democracy.southlakeland.gov.uk/ieListDocuments.aspx?CId=121&MId=4466

Tracking Information

Signed off by	Date sent	Date Signed off
Legal Services	23.02.21	03/03/2021
Section 151 Officer	23.02.21	03/03/2021
Monitoring Officer	23.02.21	03/03/2021
CMT	23.02.21	03/03/2021

Circulated to	Date sent
Lead Specialist	N/A
Human Resources Lead Specialist	N/A
Communications Team	N/A
Leader	N/A
Committee Chairman	N/A
Portfolio Holder	23.02.21
Ward Councillor(s)	N/A
Committee	N/A
Executive (Cabinet)	N/A
Council	N/A