

## CABINET

15 NOVEMBER 2023

### REFERENCE REPORT FROM THE RESOURCES AND SERVICES OVERVIEW & SCRUTINY COMMITTEE

#### **A.1 POST DELIVERY SCRUTINY OF THE SUNSPOT COMMERCIAL WORKSPACE**

(Report prepared by Keith Durran)

##### **BACKGROUND**

In accordance with the decision of Council on 11 July 2023 (minute 37 refers) the Resources and Services Overview and Scrutiny Committee ("the Committee") undertook a post decision scrutiny of the Sunspot commercial workspace in Brooklands, Jaywick Sands on 19 September 2023 (minute 29 refers). As part of its enquiry, and immediately prior to the Committee's meeting, its Members had been provided with a tour of the new premises and the adjacent community garden. During the tour the Committee's Members had met with the intended operator of the café on site.

The Portfolio Holder for Economic Growth, Regeneration and Tourism spoke to the Committee and expressed his gratitude for the support received and provided an update on the Sunspot project, highlighting its positive progress. He mentioned the availability of 24 affordable commercial units, with 14 businesses already signed up, surpassing the initial expectation set out in its business plan. The Operations and Facilities Manager, though absent for this meeting due to illness, was now employed to support tenants, and the Portfolio Holder outlined the diverse spaces within the building, including a covered market, committee room, and a cafe with an experienced operator.

The Portfolio Holder also emphasized the potential for skills development and job opportunities within the project, citing the café's intention to take on apprentices. He acknowledged past challenges, including cost overruns and delays, attributing them to capital cost inflation and external factors such as the COVID-19 pandemic. Despite the challenges, he likened the project's journey to overcoming a "perfect storm" and acknowledged the collective effort to reach the current stage. He also acknowledged Essex County Council's funding support.

The Corporate Director for Place and Economy (Lee Heley) addressed concerns related to costs and provided a detailed timeline of the Sunspot project. The feasibility study had commenced in January 2020, and the application for further funding to the local Enterprise Partnership had been submitted in September 2020. The initial estimate was 13 units for £1.97 million. Changes, including an increase to 24 units and an additional £300,000, were made after advisors had reviewed the scope in February 2021.

Committee Members had heard that tenders were sought in December 2021 for a £2.1 million project. Cost consultants had estimated a potential increase to £2.7 million, but the lowest tender came in at £3.9 million. Despite challenges, including cost overruns and delays, the decision was made to continue, securing investment from partners, including Essex County Council. The construction contract was awarded in April 2022.

The Corporate Director (Place and Economy) had highlighted the unique challenges faced, including unexpected ground conditions and the need for additional funding, leading to a total cost increase of £760,000. Refinancing had been necessary, involving discussions with partners around the refinance process. The speaker had emphasized the importance

of closely monitoring costs, refining project scopes, and considering potential challenges for future projects.

It was reported to the Committee that the cost increases in the project were due to capital costs going up globally due to COVID and the war in Ukraine.

#### **RESOURCES AND SERVICES OVERVIEW & SCRUTINY COMMITTEE'S RECOMMENDATION(S) TO CABINET**

The Committee had **RESOLVED** to **RECOMMEND** to Cabinet:

- a) that the positive news about occupancy rates for the Sunspot Centre, Jaywick Sands and the intentions around the on-site market be noted; and
- b) that the capacity and expertise of the Council in costing and programme managing major capital schemes of the Council be strengthened to avoid or minimise unforeseen "mission creep" in schemes and unrealistic cost assessments being presented as part of approval mechanisms (that then needing to be repeated when true market costings are subsequently identified).

The Committee had further **RESOLVED**:

- c) that delivery against the business plan compared with the experience in the first six months operation of the Sunspot Centre, Jaywick Sands be confirmed in the Committee's Work Programme for April 2024.

#### **PORTFOLIO HOLDER COMMENT(S) AND RECOMMENDATION(S) TO CABINET**

The response of the Portfolio Holder for Economic Growth, Regeneration and Tourism is as follows:-

*"The Sunspot is a great success for Jaywick, for the Tendring District and the Council. The building is already occupied with 15 of the 24 business units with a tenant in place. Another four units will be occupied in January 2024. That will leave 5 units vacant and just under 80 percent occupancy. Officers are going to start advertising one of the empty units as a 'rent a desk space' in the new year. The café is busy, and the market is popular.*

*While capital costs rose across the World during the period the Council completed the Sunspot, the Council worked closely with partners including Essex County Council to ensure the project had sufficient funds to complete.*

*The success of the project has received positive reviews in the local and national press, and has been used as an exemplar of good practice as far afield as Stockton.*

*As with any major project, the Council has learnt during the process of completing the Sunspot, and will be able to apply those lessons to future capital schemes. We have increased the capital delivery capacity of the organisation with the appointment of an expert contractor in support of the levelling up schemes."*

**RECOMMENDATION TO CABINET:**

**That the recommendation made by the Resources and Services Overview & Scrutiny Committee be noted and that the response of the Portfolio Holder for Economic Growth, Regeneration and Tourism thereto be endorsed.**