
DREAMLAND – Progress Update

To: **Cabinet – 10th September 2015**

Main Portfolio Area: **Economic Development & Regeneration Policy**

By: Cllr Stummer-Schmertzing, Cabinet Member for Regeneration and Enterprise Services

Classification: **Unrestricted**

Ward: **Margate Central**

Summary: **The report provides a progress update to Members and any re-alignment of finances that may be required during the on-going development of the Dreamland Portfolio.**

For Decision

1.0 Introduction and Background

1.1 Thanet's main regeneration project, Dreamland in Margate opened its first completed phase to the public on June 19 with Sands Heritage Limited as the park operator. The project since opening has been reported as a resounding success with positive coverage nationally and at a local level.

The current project phase will enable completion of the works associated with the Heritage Lottery Grant as awarded. This relates to the completion of the internal alterations to the lower ground floor to provide a multi-use space, kitchen restaurant area and public toilet provision. Works will also incorporate the refurbishment and stabilisation of the ballroom to the rear of site.

2.0 The Current Situation

2.1 Scenic Railway (Structure)

2.1.1 The contract for the main ride structure, power room, workshop and station were completed in July 2015. The structure has been initially reviewed by TDC's inspector Amusement Device Inspection Procedures Scheme (ADIPS) specialist who has acknowledged the workmanship of the structure installed.

2.2 Scenic Railway (Running Gear and Trains)

2.2.1 The contract including the dynamic testing running gear and provision of trains is progressing well. The ability to progress testing was delayed due to the works to the structure although time was mitigated by allowing an overlap of the works on site between contractors. The train design was approved in both safety design and through the planning process through Historic England.

2.2.2 The train undercarriage and bogies and being tested to replicate how it will work with different numbers. Further testing during August will increase this to full loading capacity. The system safety system and software has been installed and is being

commissioned with live testing. The testing periods are an unknown as they are dictated by dynamic results. However initial results are positive.

- 2.2.3 The trains are in the final fabrication stage with the braking system being installed and the decorative coatings being applied to the carriage.

2.3 Main Works (Cinema Building and External Park)

- 2.3.1 The main works were focused to deliver the main areas for the public opening on the 19 June 2015. This phase was completed which enabled the successfully opening of the park. Since this date works have been progressing to the remaining areas of the park internally. Incorporating the Multi-space (former Popular Café), internal toilet provision, restaurant and kitchen, and total refurbishment and stabilisation of the Ballroom.

- 2.3.2 The nature of the cinema structure has led to a number of variations to the contract; many areas have resulted in additional works due to the condition and past alterations of the structure. The exposure of elements and layers in the structure whilst undertaking works has uncovered the unforeseeable works that ultimately require repair and remedy prior to progressing.

- 2.3.3 As a consequence of additional works and variations to the original programme there has been an extension to the original contract. The current programme is set to complete prior to the end of January 2016. This programme takes into account of the revised access arrangements for the main contractor and restricted working during the parks trading season.

- 2.3.4 All parties in respect of the works are working together to ensure the most cost effective solution is achieved. Evaluation of programme and costs is evaluated in this process.

2.4 Rides

- 2.4.1 There is currently an underspend in relation to the ride budget this is under discussions with the HLF (Heritage Lottery Fund) to determine an outcome to ensure that rides to be refurbished and delivered meet all requirements for the park.

- 2.4.1 There are two TDC purchased rides to be installed on the park the first Helter Skelter will be delivered with agreement of the operator after the peak trading period. The other ride is currently being refurbished and will be delivered for next year's season.

2.5 The Dreamland Trust

- 2.5.1 The Dreamland Trust, TDC and the operator are working together to ensure delivery of the HLF outcomes for education and engagements. These will be finalised within the next month.

3.0 Options

- 3.1 Approve the associated budget provision set out within this report.
- 3.2 Not to approve the associated budget provision, understanding that there would be implications with regard to the delivery of the project.

4.0 Next Steps

- 4.1 Further refurbishment of the Dreamland estate is being funded through the awarded Coastal Community Fund grant to enable letting of the former sunshine café with improvements to the front façade and cinema foyer.
- 4.2 A review of the Dreamland complex is being undertaken and will be reported to cabinet once completed.

5.0 Corporate Implications

5.1 Financial and VAT

- 5.1.1 As part of the budget monitoring report that went to Cabinet on the 30 July 2015 an anticipated overspend to the project totalling £2,225,500 was reported.

The Dreamland project is one of the largest regeneration schemes the Council has ever undertaken and it has been challenging due to the unique nature of the assets involved.

With a budget of just over £18m already approved, split between capital and revenue, it has been the capital budget element that has posed the most challenges. Due to the complex and large scale nature of capital projects, the original budgets have to be based on estimations that often need revising as the project advances. In this instance this is due mainly to unforeseen works on site and the elongation of the project timeline due to the compulsory purchase process.

The main works tender came in slightly under budget but there have been additional works where provisional sums calculated in the contract were not sufficient. The main area of project overspend was in relation to the service provision, the Scenic Railway and external areas of the park.

Professional fees have risen due to the requirement to maintain a professional team throughout the projects duration. The elongation of the project timeline caused by the compulsory purchase of the site and the inability to undertake works during the park's first summer season, has led to the increase in professional fee costs.

The other main areas of overspend relate to the delivery of works that were in the lease but were not in the tendered works package, additional legal and valuation expert fees required for the sites compulsory purchase and elements of works to be invoiced to the operator.

The detail of the extra funding requirement is set out below:

			£000
Urgent Works overspend			16
Current anticipated overspend			
Based on current cost reports and other TDC commitments			
Main works	Variations to main works contract. Tender returns higher than anticipated.	906	786
Rides	Restrictions on rides to ensure value for money	(367)	
Professional fees	Extended duration of project (due to CPO/opening)	396	
Activity,	Predominantly due to the	(149)	

programme, pre-operations and marketing	reduction of marketing activities now undertaken by operator		
English Heritage grant			100
Due to the timing of the availability of this grant, it has now had to be allocated to the Cinema.			
Cost of removing contaminated spoil from site			70
Additional legal costs			200
Additional legal costs to complete CPO including lands tribunal			
Agreed additional works list			730
Additional works added as a result of variations between lease and contracted works			
Estimate of cost of works to be funded by operator			200
Contingency			123
			2,225

5.1.2 The proposed funding for the anticipated overspend is set out below.

Funding Source	£000
Dreamland Reserve	9
Car park income 2014/15 (urgent works)	16
Borrowing	2,000
Estimated income from operator	200
	2,225

5.1.3 Based on income projections in relation to the Dreamland car park the cost of the £2m borrowing above can be met. In accordance with the Prudential Code increased borrowing levels will require the Mid-year Treasury Strategy Report to reflect the increase in borrowing.

5.2 Legal

5.2.1 TDC and Sands Heritage entered into two Agreements for Lease on the 21 May 2015.

No further legal implications have been identified within the report.

5.3 Corporate

5.3.1 Completion of the Dreamland project offers benefits in terms of economic regeneration as well as added social value.

6.0 Recommendation(s)

6.1 To approve the additional funding as set out within section 5.1 of this report.

7.0 Decision Making Process

7.1 This is a key decision

Future Meeting if applicable: Full Council	Date: 15 th October 2015
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Contact Officer:	Tim Willis, Director of Corporate Resources
Reporting to:	Madeline Homer, Chief Executive

Background Papers

Title	Details of where to access copy
<i>Dreamland Margate</i>	<i>Cabinet 29th April 2010</i>
<i>Dreamland Margate</i>	<i>Cabinet 12th January 2011</i>
<i>Dreamland Margate</i>	<i>Cabinet 28th April 2011</i>
<i>Dreamland Margate</i>	<i>Cabinet 12th December 2011</i>
<i>Dreamland – General Vesting Declaration</i>	<i>Cabinet 1st August 2013</i>
<i>Dreamland</i>	<i>Cabinet 1st May 2014</i>

Corporate Consultation Undertaken

Finance	Tim Willis, Director of Corporate Resources
Legal	Ciara Feeney, Head of Legal Services