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|  Executive Committee 28 November 2018 | | Agenda Item No. 7 |
| Title | Whitnash Community Hub | |
| For further information about this report please contact | Andrew Jones Deputy Chief Executive (01926) 456830 Andrew.Jones@warwick.gov.uk Debbie Cole Project Officer (01926) 456205 Debbie.cole@warwick.gov.uk | |
| Wards of the District directly affected | Whitnash | |
| Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006? | No | |
| Date and meeting when issue was last considered and relevant minute number | Executive 28 th June 2017 Minute 21 | |
| Background Papers | See above | |

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| Contrary to the policy framework: | No |
| Contrary to the budgetary framework: | No |
| Key Decision? | Yes |
| Included within the Forward Plan? (If yes include reference number) | Yes (969) |
| Equality Impact Assessment Undertaken | To be undertaken by the Town Council |

| Officer/Councillor Approval | Date | Name |
|------------------------------------|-------------|---------------------------------------|
| Deputy Chief Executive | 08/11/18 | Andrew Jones |
| Head of Service | 08/11/18 | Rose Winship |
| CMT | 08/11/18 | Chris Elliot, Bill Hunt, Andrew Jones |
| Section 151 Officer | 08/11/18 | Mike Snow |
| Monitoring Officer | 08/11/18 | Andrew Jones |
| Finance | 08/11/18 | Mike Snow |
| Portfolio Holder(s) | 12/11/18 | Councillors Mobbs, Coker and Thompson |

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| Consultation & Community Engagement | |
| Whitnash Town Council (WTC) has consulted with the local population on a number of occasions with regard to the design and funding of this project. | |
| Final Decision? | Yes |
| Suggested next steps (if not final decision please set out below) | |
| | |

1. **Summary**

- 1.1 This report describes the current financial position for the Community Hub project based at Acre Close, Whitnash. It proposes further financial support from the District Council to enable the Hub to be constructed.

2. **Recommendations**

- 2.1 That Executive notes the Business Plan relating to the new Whitnash Community Hub, detailing how the future running costs will be met and how community access will be maximised in the future, available online as [Appendix A](#) to this report.
- 2.2 That Executive:
- 2.2.1 agrees to meet the request of Whitnash Town Council to underwrite £500,000 to allow the construction of the Whitnash Community Hub;
- 2.2.2 agrees the above sum should be funded from the Community Projects Reserve; and
- 2.2.3 requires that no more funding than the sum requested in 2.2.1 above will be forthcoming in the event of any cost overrun.
- 2.3 That Executive agrees that recommendation 2.2, if approved, is subject to:
- 2.3.1 the funding and underwriting is only available for 48 months from the date of this Executive before being drawn down in whole.
- 2.3.2 payments for construction work are only to be made in supply of verified Architect's Certificates and invoices of work.
- 2.3.3 ongoing funding bids being agreed by Deputy Chief Executive (AJ) and that officers are kept up to date with the progress of those bids thereby reducing the Council's extent of underwriting should bids be successful.
- 2.3.4 Whitnash Town Council agreeing that public acknowledgement of the District Council's support for the scheme is given publicity at all stages.
- 2.3.5 Whitnash Town Council confirms that it has successfully secured Public Works Loan Board funding of £250,000.
- 2.4 That subject to recommendation 2.2, Executive delegates authority to the Section 151 (S151) Officer and Deputy Chief Executive (AJ), in consultation with the Leader and Portfolio Holder for Health & Community Protection, to agree the schedule for the release of funding.
- 2.5 That Executive notes the alignment of this ambitious project with the District Council's Leisure Development Programme, which has achieved substantial improvements to leisure facilities elsewhere in the District. The provision of a new Community Hub in Whitnash will provide the town with a modern, high quality sports and leisure facility to meet the growing needs of the Whitnash Community.

3. **Reasons for the Recommendations**

- 3.1 With regard to Recommendation 2.1, the business plan for the project has been refreshed to reflect recent project progress and is presented at [Appendix A](#).
- 3.2.1 Recommendation 2.2.1 recommends that the District Council underwrites an additional £500k grant. Based on the extensive cost work that has been undertaken this will enable Whitnash Town Council to construct its new Community Hub.
- 3.2.2 As stated in recommendation 2.2.2, the additional finance for the project will be funded from the Community Projects Reserve. This reserve consists of grant received from the Government's New Homes Bonus scheme and is used to fund projects for the benefit of the community within Warwick District. Members will be aware that Whitnash has experienced significant housing growth which has thereby generated large sums of New Homes Bonus monies.
- 3.2.3 Recommendation 2.2.3 limits the District Council's additional financial support for the project to £500k. In the event that there is expenditure not currently budgeted for, it will be the responsibility of Whitnash Town Council to meet the shortfall.
- 3.3.1 Recommendation 2.3.1 protects the Council's financial exposure by limiting the time period when the funding and underwriting will be available to the Town Council to 48 months. In practice this means that the funding needs to be expended by November 2022.
- 3.3.2 Recommendation 2.3.2 requires that the construction work is appropriately certificated by the professional services team. This will ensure that payments are only made by the Town Council once agreement has been reached by the employer's agent and contractor on the value of the work completed. The process for payments will be in accordance with existing agreed processes for the pre-construction phase, whereby the Town Council provides copy invoices to the District Council to evidence the work undertaken, following which the District Council makes a payment to the Town Council to cover the project costs incurred.
- 3.3.3 Recommendation 2.3.3 requires that ongoing funding bids are agreed by the Deputy Chief Executive (AJ). This will ensure that the level of activity to secure external funding remains visible and can therefore be monitored. This will also include a report on the progress of existing bids, including the Sport England bid for £150k to the Community Investment Fund. Following the recent approval of planning permission for the project, the bid is currently being considered by Sport England and initial feedback is encouraging. The Project Steering Group will be establishing a sub-group to focus on the continuing work to secure external funding. This steering group will comprise Whitnash Town Council Councillors with support from ATI Projects Ltd (previously commissioned to assist the Town Council in the earlier phases of the work).
- 3.3.4 Recommendation 2.3.4 will ensure that District Council's support for the project is visible to the local community, meaning that the District Council's involvement is transparent to residents.

- 3.3.5 The Town Council is currently consulting with residents on an increase of the Council tax to raise £250,000 from the Public Works Loans Board (PWLB). The consultation period ends on 20th December 2018. Assuming that local residents support an increase to the Town Council precept, the Town Council will apply for a loan from the PWLB. It is expected that the Board will inform the Town Council of the outcome of the application in early January 2019, meaning that the Town Council will then be in a position to confirm that it has successfully secured this funding.
- 3.4 In accordance with recommendations agreed by Executive for the earlier report on WDC funding for the Whitnash Community Hub, it will be necessary to agree a schedule for the release of funding. This will be necessary to assist with the Council's financial planning.
- 3.5. With regards to recommendation 2.5, the Leisure Development Programme seeks to provide top quality sports and leisure facilities across the District. The Programme has already created vastly improved and expanded facilities in Leamington and Warwick and is currently planning improvements in Kenilworth. The Whitnash Community Hub will provide the opportunity for the benefits of the Leisure Development Programme to be realised within Whitnash Town.
- 3.6 The following paragraphs provide an update of the project's progress since the previous report in June 17:
- 3.6.1 Following the approval given by Executive in June 2017 for funding of up to £500,000 for the project, considerable work has been undertaken and milestones achieved:
- Professional services have been procured to enable the project to reach RIBA Stage 4, which is defined as Technical Design. The team includes Bailey Garner as architects and Faithful and Gould as building surveyors. This work has been procured by Whitnash Town Council and grant funded by Warwick District Council.
 - Pulse Associates Ltd has been appointed as quantity surveyors, to prepare the pre-tender cost estimates, to carry out the procurement of the contractor and provide cost management services during the construction phase.
 - As the proposed Hub will be situated on the Acre Close playing fields, additional consultation has taken place with the sports clubs using the pitches and with Sport England. It is now understood that a number of works are necessary in order to ensure that the clubs are able to continue to use the pitches both during the construction and after the Hub's completion.
 - Planning Permission for the Community Hub was granted in September 2018.
 - The design team have completed the design of the building and Pulse has provided a pre-tender cost estimate based on the specification, in readiness to tender the construction work.
 - The Business Plan has been updated and the updated version is presented as [Appendix A](#) of the report.

- 3.6.2 This work followed on from a previous initial, high level cost estimate provided by the design team in March 2018. This first cost estimate indicated a project cost of £1,609,397.
- 3.6.3 Upon their appointment in 2018, Pulse provided interim cost estimates based on the evolving design of the building as the design team progressed the detailed design. The initial cost estimates produced by Pulse indicated that costs had risen from the March 2018 estimate.
- 3.6.4 The reasons for the increase of costs from March 2018 to the present time are as follows:
- the addition of a number of items previously excluded from the initial cost estimate such as inflation, playing pitch related works and hard landscaping;
 - a more accurate understanding of each element of the building based on the full specification;
 - increases in construction costs in the wider economy.
- 3.6.5 In response to the predicted increase in costs, the design team undertook a value engineering exercise with the Town Council to identify elements of the design which could be amended or omitted without having a negative impact on the building. This exercise resulted in a reduction in costs of £87,000.
- 3.6.6 Pulse has now completed the final pre-tender estimate which indicates a total project cost of £2,220,307. This figure includes allowances for construction, professional fees, risk and contingency, inflation and client "direct" costs including items such as works required to relocate the football and rugby pitches.
- 3.6.7 In December 2017 the estimated available funding for the project was reported as £1,611,729. The revised project budget now shows an estimate £1,573,824 of funding available (see paragraph 5.10 to this report). The funding estimate has been reduced to reflect the changes to the criteria around landfill grants, meaning that it is no longer possible to apply for grants until construction is completed and that applications can only be made for stand-alone/non fixed items. The landfill grant allowance has therefore been revised to £60,000 – which represents 50% of the initial budget allowance.
- 3.6.8 The increased estimated project costs and the revised reduced project funding create an estimated budget deficit of £646,483.
- 3.6.9 The proposed method of funding this deficit is shown in Section 5 of this report.

4. **Policy Framework**

4.1 Fit for the Future (FFF)

The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. Amongst other things, the FFF Strategy contains Key projects.

The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The Council’s SAP’s are the programme of work fundamental to the delivery of the strands described in the table below.

| FFF Strands | | |
|---|--|---|
| People | Services | Money |
| External | | |
| Health, Homes, Communities | Green, Clean, Safe | Infrastructure, Enterprise, Employment |
| <u>Intended outcomes:</u> Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities | <u>Intended outcomes:</u> Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB | <u>Intended outcomes:</u> Dynamic and diverse local economy Vibrant town centres Improved performance/productivity of local economy Increased employment and income levels |
| High quality cultural and sports activities for Whitnash A community Hub to facilitate a cohesive and active community | The Hub will enhance the customer experience in Acre Close Park | The location of the Hub will enhance the town centre by bringing a range of services to a central location The hub will employ a centre manager |
| Internal | | |
| Effective Staff | Maintain or Improve Services | Firm Financial Footing over the Longer Term |
| <u>Intended outcomes:</u> All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours | <u>Intended outcomes:</u> Focusing on our customers’ needs Continuously improve our processes Increase the digital provision of services | <u>Intended outcomes:</u> Better return/use of our assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money |
| WDC’s support of the project will give officers experience of working in a Client Agent role | Several local surveys have demonstrated the demand for the local services and facilities to be provided by the Hub | The new Hub will enable the Town Council to reduce costs and maximise income through the delivery of key services in the new centre |

4.2 A referendum has been held in respect of Whitnash’s Neighbourhood Plan and 92.6% of those taking part voted in favour of the Plan. Objective 1 of the Plan

specifically addresses the Community Hub issue as follows (extract taken from adopted Neighbourhood Plan):

Objective 1 – Providing a New Community Hub

Whitnash has a strong local identity and the town has expanded considerably over recent years with extensive areas of new housing development. With the proposed new development in the Local Plan, Whitnash is likely to increase its population further over the Plan period. However, Whitnash lacks a main focus or hub for local facilities such as shopping, office space and a community centre. The Town Council has aspirations for improved office and meeting space, and recognises that the existing community centre in Acre Close playing fields is dated and requires replacing or significant updating and investment. The location of the building is also isolated and located away from other facilities such as the library and shops. There is a need to bring the various facilities together to provide a focus for the town which meets the needs and aspirations of all.

4.3.1 Consequently, Policy W1 of the Neighbourhood Plan is as follows:

Policy W1: A New Community Hub for Whitnash

Proposals for a new Community Hub for Whitnash will be supported in principle. The Community Hub is encouraged to include the following development:

- A new community centre to meet the needs of local residents and groups.
- A civic centre which provides office space for the activities of the Town Council.
- A new library with internet facilities.
- A police station.
- Healthcare facilities.
- Other suitable community and retail uses (A1 – A5).

4.32 The Community Hub will complement and enhance any existing local retail facilities through careful siting and location and provision of improved parking and high quality landscaping.

4.33 Whitnash Town Council believes that “the need for a new Community Hub is the overriding key issue to be addressed in the Whitnash Neighbourhood Plan.” (Para 5.1.7 refers).

5. **Budgetary Framework**

5.1 The current funding and cost estimates produce an estimated funding deficit of £646,483. It is proposed that this will be funded through a combination of the following sources:-

5.2 Town Council additional loan: Whitnash Town Council is planning to seek a loan from the Public Works Loans Board of £250,000. Recommendation 2.3.5 states that the proposed WDC funding is dependent on the Town Council securing an additional loan from the Public Works Loans Board for this sum.

5.3 A quotation has been obtained to borrow £250,000 over 25 years. This represents an increase of 8.6% or £4.95 per band D property per year over 25 years with an annual repayment by Whitnash Town Council of £13,783 on top

of the normal precept. WTC is seeking to limit the precept increase for WTC residents to a maximum £5 for a Band D property. This will replace the Town Council's previous intention to apply for £101,817 of PWLB funding.

- 5.4 There is a requirement for WTC to consult residents on the proposed increase. WTC are currently consulting residents accordingly and residents have until 20 December to provide feedback. The consultation has already been publicised in, among other things, the winter edition of Whitnash Tymes. Following on from this the PWLB will give a decision on the application for a loan in January 2019. This will then enable the WTC to make a decision on precept on 10 January 2019.
- 5.5 Additional WDC funding: Assuming that WTC secures a loan from the Public Works Loan Board of £250,000, this leaves a remaining funding gap of £498,300. It is proposed that the Executive gives approval for additional funding of up to £500,000 to address the remaining budget deficit. This funding would be in addition to £500,000 WDC grant funding previously agreed by Executive in June 2017. With the cost estimate work undertaken by Pulse completed, officers now have a lot more confidence about the total cost of the scheme.
- 5.6 Other funding: Whilst significant work has been undertaken to date to secure additional grant funding, no further grant funding has currently been identified for the project over and above the landfill and other grant funding already allowed for in the budget estimates. Should this position change and additional funding be secured or costs reduced then any improvement in the financial position would lead to a subsequent and equal reduction in the funding to be made available by the District Council.
- 5.7 S106/CIL contributions: The Budgetary Framework described in the previous report to Executive in June 2017 sets out the proposal for funding the Hub. This included a number of S106 agreements/CIL contributions, some of which have already been agreed and others which are still to be negotiated. Council officers have undertaken a review of the assumptions calculated for the S106 and CIL contributions and are comfortable that the assumptions made still represent a reasonable working basis for the project. At the time of writing, Officers are unable to identify any other potential developments which could elicit further S106 contributions to assist with the funding of the Hub.
- 5.8 The table below sets out the funding position at the time of writing.

| Project Funding - situation as at October 2018 | |
|---|----------|
| S106 agreements in place | |
| W/13/0858 Fieldgate Lane - Golf Lane. Off site | £95,397 |
| W/13/0858 Fieldgate Lane - Golf Lane. Indoor Sports | £102,586 |
| W/13/0858 Fieldgate Lane - Golf Lane. Outdoor contributions | £7,417 |
| W/13/1207 | £26,000 |
| Agreements to be negotiated | |

| | |
|--|-------------------|
| South of Sydenham/Whitnash East (H03) | £172,640 |
| Hazelmere and Little Acre, Gold Lane (H45) | £155,317 |
| Windfalls (WTC proportion of CIL) | £52,650 |
| | |
| Grant funding | |
| WDC Grant funding | £500,000 |
| Sport England Grant | £150,000 |
| Landfill and other grants | £60,000 |
| WCC - Library | £150,000 |
| WTC PWLB Loan | £101,817 |
| Total Funding | £1,573,824 |

6. Risks

- 6.1 The amount of s106 and CIL funding received may not match that which is anticipated. Negotiations are yet to take place and/or to be concluded on sites H03 and H45 and whilst the District Council will do all that it can to agree contributions as set out in section 5, it should be noted that this cannot be guaranteed at the current time.
- 6.2 The amount that can be obtained through grant aid may not reach the levels expected. A number of grant applications are yet to be made, and the outcome of other applications have not yet been received.
- 6.3 As stated in the previous report to Executive on 18 June 2017, these two risks are mitigated by the loan agreement that will be in place between Warwick District Council and Whitnash Town Council that ensures that Warwick District Council is repaid its temporary funding.
- 6.4 There is a risk that the project may not be financially viable, even allowing for the additional funding proposals contained in this report. If it should occur, the Council's Statutory Officers will withdraw the Council's support for the scheme, and work with the Town Council to consider alternative solutions.

7. Alternative Option(s) considered

- 7.1 An alternative option would be to not request additional funding from the District Council. This has been discounted on the basis that without additional support from the District Council it is highly likely that the scheme will not be able to go ahead.
- 7.2 It would also be possible to significantly reduce the scope of the project, in order to comply with existing available funding. However, this would so compromise the size and quality of the building that it would not be appropriate to proceed with the project.