

Forest Heath District Council

(This report is a key decision. This report has been subject to appropriate notice of publication under the Council's Access to Information Rules)

Report of the Leader of the Council

CABINET

25 JUNE 2013

CAB13/092

MILDENHALL HUB UPDATE AND BUSINESS CASE (Key Decision Reference: JUN13/04)

1. Summary and reasons for recommendation(s)

- 1.1 The Cabinet and Council are requested to approve a funding bid, with partners, to the Department for Communities and Local Government (DCLG) for a detailed business case for the 'Mildenhall Hub' project to inform public consultation and future budget planning. To support this application, it is also proposed that the Council confirms its commitment to the principle of shared facilities in Mildenhall, albeit that no decisions have yet been made.

2. Recommendation(s)

- 2.1 **The Council confirms its support for the existing principle that public assets in Mildenhall should be located on as few sites as possible to deliver maximum benefits for service users and taxpayers, and commits to this principle as the basis for its own future asset management planning in the town;**
- 2.2 **To pursue this objective, the Council and its partners seek funding from the Department for Communities and Local Government (under its Transformation Challenge Awards scheme) to meet the cost of a business case and other implementation costs for the Mildenhall Hub project, as described in this report;**
- 2.3 **The Director, in consultation with the Leader, be authorised to prepare and submit the funding bid, including the detailed specification for the business case and any other work required;**
- 2.4 **Following appropriate consultation, and subject to any planning considerations being met, the Council use the findings of this business case to inform its forthcoming decisions on the District Offices at College Heath Road, Mildenhall Swimming Pool and The Dome Leisure Centre.**

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3. How will the recommendations help us meet our strategic priorities?

- 3.1 In terms of potential efficiencies and outcomes, this project helps to meet all four of the aims contained in the Council's Strategic Plan, and many of the specific objectives attached to them, including those relating to strengthening partnership working.

4. Key issues

Background to this report

- 4.1 In 2012, Suffolk County Council (SCC) and Forest Heath District Council (FHDC), working with the College, commissioned a feasibility study to look at future options for Mildenhall College, given the need for improvement of the existing facilities and the College's desire to be based on one site. Forest Heath was involved in the study because of the forthcoming need to make strategic decisions regarding future investment in the town's swimming pool and Dome Leisure Centre, the latter of which is co-located with Mildenhall College on its Bury Road site. These facilities are managed on the Council's behalf by Anglia Community Leisure (ACL).
- 4.2 The study looked at two options for the College:
- (1) a complete relocation of the College, Dome and swimming pool to the site of the former Riverside Middle School at Sheldrick Way (leaving the Bury Road site vacant); and
 - (2) an enlargement of the facilities at the Bury Road site to accommodate the whole College there (leaving Sheldrick Way vacant, and requiring an alternative site for all or most of the community sports provision in the town).
- 4.3 The purpose of the study was simply to assess the feasibility of the two options, rather than to compare them or make recommendations. Both options were deemed to be technically feasible, subject to planning and funding issues being overcome. The study concluded that a minimum investment of around £10m would be likely to be required for the educational facilities, under either option. A new-build community sports facility (pool, fitness suite and sports hall) could cost in excess of a further £5m. From a purely educational point of view, Option (2) was assessed as being cheaper, principally because it involved the adaptation of the larger of the two sets of buildings. However, Option (2) did not offer any improvement to community sports facilities and, unlike Option (1), would still require FHDC to make separate decisions about the swimming pool and its continued part-funding of The Dome. Nor did these costs take into account the potential value of capital receipts from any vacated sites.
- 4.4 Following the 2012 feasibility study, the College has made an application to become an Academy. Under the academy scenario, the College would receive 125 year leases from the County Council for its existing sites, and funding for major improvements would need to come from central government. In this context, the College and County Council have understandably not yet been in a position to reach a view on a future property strategy for post-11 education in Mildenhall.

- 4.5 From Forest Heath's perspective, the Council is keen to achieve savings and improve collaboration with partners through the sharing of buildings. This is an aspiration also shared by the County Council and police. It was therefore always implicit that any future asset management decisions in Mildenhall by FHDC would need to involve a review of the combined assets of the public sector in the town. The 2012 feasibility study was very useful in identifying that, by linking with the College and being ambitious, there was significant potential to achieve something unique in the town, beyond a conventional dual-use school/sports facility. Agreement was therefore reached with partners to start a project to examine this potential, with the aim of creating a hub or hubs of public sector assets in the town on as few sites as possible.
- 4.6 Following a report to Cabinet on 5 February, 2013, the Mildenhall Hub project was launched in early March, with a website at www.mildenhallhub.info. A copy of the launch leaflet is attached to this report as Appendix 1. While it was recognised that a single site may not prove to be feasible, it made sense to the core partners (ACL, FHDC and the College) to launch the project on the basis of the 'big-win' of a single site. It was believed that by aiming high at the outset with such a bold concept, something exceptional (and possibly unique) could eventually be achieved for Mildenhall and the surrounding villages in terms of the future delivery of public services in the town.
- 4.7 Early investigations identified that, if planning issues could be addressed, Sheldrick Way was likely to be the only deliverable site which offered the scope to co-locate a wide range of partners with the College, in a location at least as close to the town centre as College Heath Road. This may need to take place in phases over several years.
- 4.8 The project is also timely as it means that options for the public estate can be reflected in the next phases of consultation with the local community on the Local Development Framework (LDF). In particular, it could allow an examination of highways issues to the west of Mildenhall which, regardless of the Hub proposal, would need to be addressed if any form of significant development is to take place in this part of town (or if the College is to relocate from Bury Road to Sheldrick Way).

Current involvement in the project

- 4.9 There is no formal governance structure for the project ahead of the business case being prepared, other than an informal staff group which is preparing proposals for the respective organisations. However, the informal partnership for the project could currently be described as follows:

'Core' partners

Anglia Community Leisure
Forest Heath District Council
Mildenhall College

'Associate' partners

Suffolk Constabulary
Suffolk County Council
West Suffolk Clinical Commissioning Group (representing health partners)

- 4.10 The strength of the Hub concept (on any site) is that it can be flexible enough to accommodate other partners from the public, voluntary, community and

private sectors at the outset, or in the future, as needs change. In that context, the partners will ensure that a range of partners are kept informed of the project, and given the opportunity to join if they wish, at appropriate stages.

Project aims

- 4.11 The leaflet at Appendix 1 explains the general aims for the project for the community and taxpayer, these being:
- Sharing and reducing property costs (capital and revenue)
 - Improving customer access
 - Improving service delivery.
- 4.12 Clearly, these general aims could be achieved through having more than one hub, and this may well prove to be the option adopted. No decisions have yet been made in this regard. However, before settling for more than one site, the partners want to thoroughly test the option of one single Hub at Sheldrick Way. Even allowing for the exclusive use and separation the College would need to keep its students safe, the Hub concept (single site or otherwise) could still potentially avoid significant amounts of duplication of facilities and services, as the *indicative* Venn diagram at Appendix 2 illustrates. This diagram only considers the possibility of the College, ACL, police and two councils sharing facilities on one or more sites. If other partners (e.g. health) relocated to the Hub(s), the benefits could be extended further. Similarly, even if the Council's offices could not be located on the same site as the College, there would still be scope to look at the sharing of, say, meeting facilities.
- 4.13 The project is now at the stage where some detailed feasibility work is needed. The business case being proposed in this report would identify and test the various options for sharing public assets in Mildenhall, and establish which, if any, were financially viable and could potentially meet planning requirements (subject to further public consultation). Various detailed elements of feasibility would be tested, including a highways study. The business case would enable not only informed decision-making on the way forward, but also an assessment of the affordability of proposals by the various partners. Master-planning of the various sites would look at the potential to phase development in order to accommodate short-term organisational constraints and long-term community needs (for instance, expansion in health provision).

Funding of the business case

- 4.14 Preparing a detailed business case for a project of this complexity will require external support, which will require a procurement exercise. Until that is carried out it is hard to estimate costs, although they could be significant. A financial contribution to the business case from Forest Heath and other partners is likely to be necessary (see 4.15 below). Given the pressure on finances generally, there is currently no budget provision for this. The justification for such funding would be on an 'invest-to-save' basis, given the potential efficiencies and delivery of Strategic Plan objectives. In the case of the highways elements this would be linked to work required for the LDF.
- 4.15 However, before assessing the means of locally funding the business case, it would be sensible to explore whether external support is available. The professional advice needed for the West Suffolk House project in Bury St

Edmunds was funded by a regional grant from government. That large project was seen as a national exemplar at that time, and has been replicated in other parts of the country since. The Mildenhall Hub could similarly be seen as offering a template for district councils based in smaller market towns to think more laterally about sharing facilities, where the opportunities for doing so are not so obvious. The particular innovation inherent in the Mildenhall Hub concept is the proposed links to the College over and above the normal sharing of swimming pools and sports halls; offering wider spin-off benefits in terms of skills and health, as well as financial efficiencies.

- 4.16 There is currently a national source of potential funding which could reduce the cost of the project to the local taxpayer, namely DCLG's Transformation Challenge Award (TCA) scheme, which closes for applications on 14 July 2013, and will be allocated by August 2013. The partnership could bid to DCLG for funding between £50,000 and £500,000 for projects which offer practical and innovative public service reforms, the learning from which can be shared nationally. Schemes must deliver efficiencies, increase resilience and give better value for money for taxpayers. Strategic management of assets is one of the categories which are eligible for funding, meaning that it is sensible to at least test with DCLG whether they would support the cost of the business case for the Hub project, and potentially other elements of the project.
- 4.17 The bid must be made by FHDC with the support of the other partners. For it to be successful, evidence would be required from DCLG that, at a senior level, FHDC was committed to deliver the findings of the business case and any associated consultation. For that reason, Cabinet and full Council are asked to publicly commit, through this report, to the principle of pursuing shared facilities in Mildenhall as their future asset management strategy for the town.
- 4.18 There are two categories of TCA award: authority; and major multi-authority. This 'authority' TCA bid from West Suffolk will complement a county-wide 'multi-authority' bid linked to the potential to extend further the successes of joint working and shared public access in Suffolk.
- 4.19 Competition for TCA funding is expected to be significant. If the bid is unsuccessful, a further report will be brought to Cabinet on the funding of the business case and highways study if this cannot be dealt with under existing delegated powers.

5. Other options considered

- 5.1 The business case will test a range of options. The need for short to medium-term investment in the swimming pool, the Dome and the Council's offices means that doing nothing is not an option, even if the result of the review is to conclude that the best option is to refurbish some or all of these existing facilities in their current locations.

6. Community impact

6.1 Crime and disorder impact *(including Section 17 of the Crime and Disorder Act 1998)*

- 6.1.1 Not applicable.

- 6.2 **Diversity and equality impact** *(including the findings of the Equality Impact Assessment)*
- 6.2.1 A full diversity and equality impact would be needed in relation to any proposals made at later stages of the project.
- 6.3 **Sustainability impact** *(including completing a Sustainability Impact Assessment)*
- 6.3.1 The business case will assess this issue. One potential improvement offered by a Hub is the scope to increase the energy efficiency of a range of buildings.
- 6.4 **Other impact** *(any other impacts affecting this report)*
- 6.4.1 Not applicable.
7. **Consultation** *(what consultation has been undertaken, and what were the outcomes?)*
- 7.1 Consultation has already started through the launch of the project and comments have already been received. Partners, including Mildenhall Parish Council, are also being involved. However, the main stages of consultation will take place if and when any firm proposals are identified.
8. **Financial and resource implications** *(including asset management implications)*
- 8.1 The purpose of the business case is to establish the financial and staff resources which will be required to pursue a Hub project, in any of its potential guises, and the likely level of benefits that will be achieved.
- 8.2 From FHDC's point of view, the project is part of the essential decision-making process for future capital investment in its swimming pool and main offices. In the case of the swimming pool, the building is reaching the point where it is uneconomic to continue to invest heavily in the current facilities and a replacement or refurbishment is urgently needed. As reported to Cabinet in January 2013, the Council has already made a provisional allocation of £3m in its capital programme for the swimming pool. However, this sum could be eroded by the need to make short-term repairs to the existing pool in order to prevent it from closing in the mean-time. The same report also identified a currently unfunded five year maintenance liability of £1.4m for the current District Offices at College Heath Road.
- 8.3 The business case will also help determine the level of financial involvement that FHDC has in the funding of the sports provision currently provided from The Dome by ACL.
- 8.4 In addition, and just as importantly, the business case will identify the level of revenue savings which could be achieved in the running costs (rates, utilities, infrastructure, maintenance, etc) of the buildings themselves, by virtue of them being shared and more efficient (direct savings) and, in the case of the sport and leisure facilities, having greater income earning potential (realised as savings indirectly through the ACL management fee). There will also be benefits for the partners (and their customers) in terms of improved coordination of jointly delivered services and priorities.
- 8.5 If relocating any of the existing facilities is chosen as an option, it is likely that the Council would need to contribute any capital receipts from the vacated sites

towards the building costs. Equally, if Sheldrick Way is not chosen as the site of the Hub, there could still be options to reduce the 'footprint' of buildings at the College Heath Road site, and release some of the land for sale. However, even after allowing for the existing capital programme and potential capital receipts, there is a likelihood that councillors may need to consider the possibility of borrowing to fund any balance of the Council's share of the Hub project. In that context, the business case will need to demonstrate that the savings achieved will not only cover the cost of such a loan, but also still make a saving to taxpayers.

- 8.6 Other partners in the project will need to make their own funding decisions. The business case will look at a variety of ownership and management models for the Hub, which will assist in this process. A key driver for the project will also be the ability of the College and its Trust partner to attract government funding for improvements to its current buildings.

9. Risk/opportunity assessment *(potential hazards or opportunities affecting corporate, service or project objectives)*

Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
Failure to make timely investment decisions on swimming pool and offices, risking large costs and/or closure	High	Carry out detailed feasibility study to inform early and planned decision-making under the AMP	Medium
The cost of preparing the business case for an ambitious Hub project	Medium	Share cost with partners. Seek external grant funding in recognition of exemplar nature of project	Medium
Project does not realise envisaged savings	Medium	Detailed business case	Low
Weak governance and project management	Medium	Establish formal governance after completion of business case	Low
Lack of engagement from public, partners and councillors	Medium	Proper communication and consultation plans for all stages of the project once options identified by business case. Keep stakeholders briefed in the meantime, including web-site	Low
Failure to achieve joined up working (savings and service improvements)	High	Explore Hub options through business case	Medium
Planning and infrastructure requirements not met	High	Include these matters in business case process, coordinated with LDF process	Medium
Missed opportunity to work with College on skills agenda	Medium	Make this a legacy of the Hub project, whatever the outcome of the business case	Low

10. Legal and policy implications

- 10.1 None at this stage, as these will be identified by the business case and/or consultation on planning matters.

11. Ward(s) affected

11.1 All, but principally Mildenhall wards and surrounding villages.

12. Background papers

12.1 CAB13/058: Asset Management Plan 2013/14 to 2017/18 (January 2013)

12.2 CAB 13/067: Mildenhall Facilities Project (February 2013)

13. Documents attached

13.1 Appendix 1: launch leaflet for Mildenhall Hub project

13.2 Appendix 2: Potential scope for Core and Associate Partners to share facilities at Hub(s)

Appendix 2: Potential scope for Core and Associate Partners to share facilities at Hub(s) (*indicative only*)

